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The Official Organ of the NATIONAL RETAIL CREDIT ASSOCIATION



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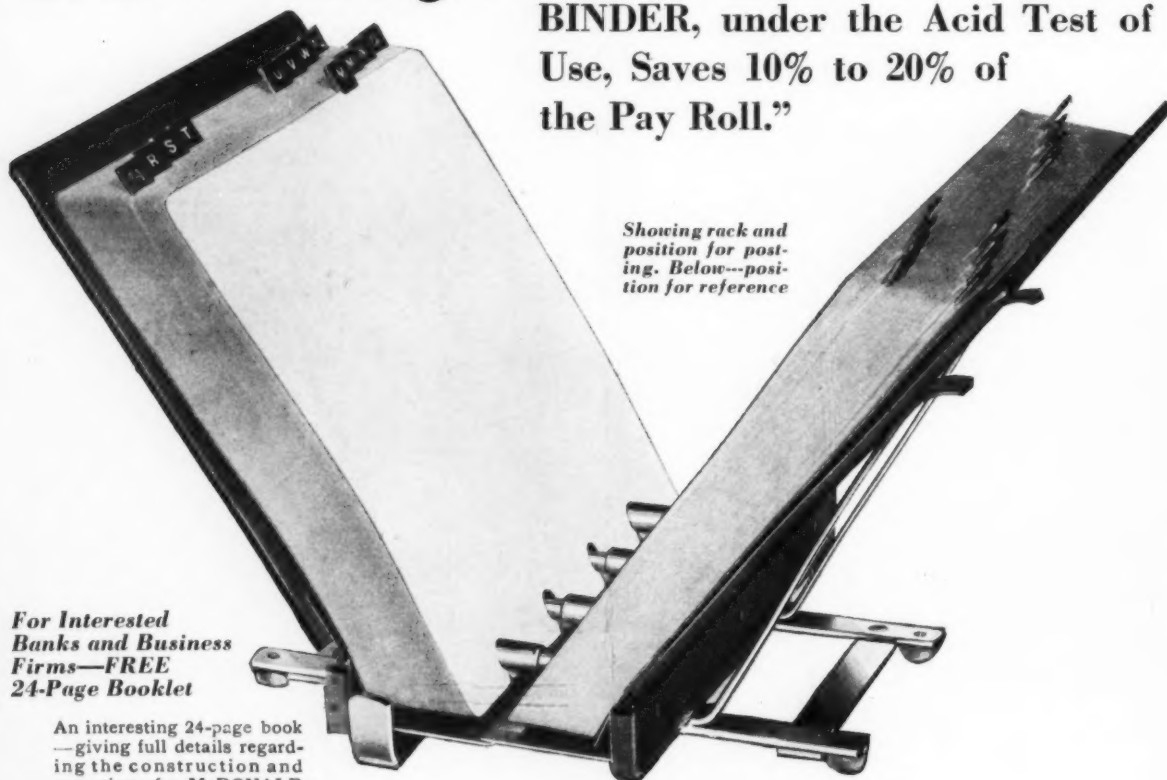
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VOL. XVII—No. 12

AUGUST 1929



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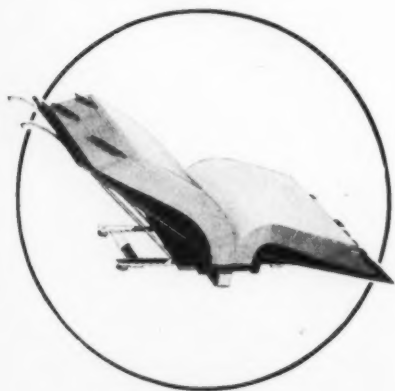
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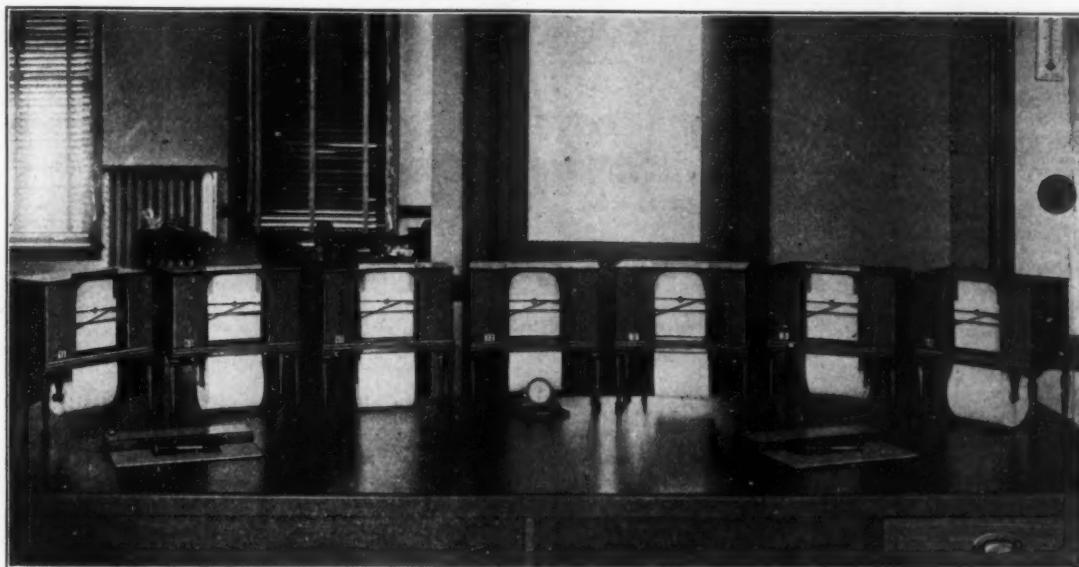
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The Five Attributes of a Successful Retail Credit Manager



I HAVE many times been asked just what qualifications should a man have to make him a successful Credit Manager, and from my years of active work among Retail Credit Men I have reached the conclusion that in order to be an "ideal" Credit Manager, we must possess and develop five outstanding characteristics.

1. Keen Observation.
2. Sound Judgment.
3. Courtesy.
4. Persistency.
5. Executive Ability.

I place *Observation* first because usually a man who trains himself to observe all the small details of character and personal habits of his customer has a better chance to judge correctly than the man who does not concentrate on details.

The Credit Manager who trains himself to observe in a casual conversation all the characteristics of the applicant, such as personal appearance, methods of buying, reason for asking Credit, type of neighborhood in which living, past record, etc., will find these to be the fundamental basis upon which he can form his judgment.

Of course all Credit Managers should aspire to Sound Judgment. That is the very basic principle of the Credit Man's job. But Sound Judgment depends upon keen, alert observation and a trained mind which can only be secured by a most careful study of Credit problems.

Courtesy is not alone the outstanding earmark of a gentleman, but it is the greatest builder of Good Will, that thing which means so much to the Retailer. It is oil on the wheels of the daily grind. It is bread cast upon the water, which will return a hundred-fold. It costs nothing, it simply means being human and should be cultivated to the highest degree by all Credit Managers.

Persistency. This is the especial attribute which must be developed by all Credit Managers. It means securing complete information; it means getting all the facts; it means increased collections, increased sales, increased service; it means constantly hewing to a line which eventually means Results.

Executive Ability. No one should aspire to be a Credit Manager unless they possess the ability to manage men; to shed detail and train others to do the clerical work so they themselves may be free to chart and plan for increased business, sound credit expansion and greater collection turnover.

These five points are exemplified in the lives of all successful business men. But they have a particular application to those who would become professional Credit Granters.

The President's Page

Sometimes I wonder when an employer or a large Personnel Advisor asks me for a pedigree of an individual what the report will look like when I get it.

The things that stand out the largest in my opinion are the following:

1. Is the applicant a consistent member of his local? Not just for the purpose of attending meetings, but does he actually participate in the commercial and social functions of his Association?
2. Has his affiliation with the National been 100%, both as to time and loyalty when it came to putting his shoulder to the wheel to help build a bigger and better National? Was he intensely interested or just a name on the stationery?

Just recently an applicant for one of the largest credit positions in the country mentioned that in his opinion the National activities had

been of considerable educational advantage to him. His prospective employer said that while he was the head of a large chain of stores, he had never given up his National Associations, nor could he estimate the value received from his local organization.

Sometimes I feel that members of our organization have not thoroughly analyzed the possibilities of their National and Local and that both organizations were designed principally to render them service.

All of us will find it to our decided advantage in this modern era of business to be known as a sincere member of both Local and National. Also well informed. Our future positively is dependent on knowledge and performance.

Give some thought to this.

J. H. EDGERTON.



Mr. Justin H. Edgerton, formerly Credit Manager of James McCreery & Co., has resigned from that organization to take effect August 1st.

He will join the Hahn Department Stores, Inc., as a member of their executive offices, 11 West 42nd Street. The Hahn chain comprises thirty retail stores, and Mr. Edgerton will assist particularly in giving the Credit, Collection, and Charge Sales Promotion departments of these thirty stores the place in the Hahn organization that they deserve.

This is the first time to our knowledge that a chain of stores has specialized in merchandising the charge account, and it is a tribute to our organization that they have selected one of our outstanding members to organize this important work.

Mr. Edgerton explained to the Hahn Organization that he had recently accepted the Presidency of the National Retail Credit Association, and they were perfectly agreeable to his continuance of this important work and that is a tribute to our Association from one of the great retail organizations of the country.

Psychology of Consumer Credit

By GRANT C. BRAMAN,
The Bedell Co., Portland, Oregon

CONSULTING Webster's we find that Psychology means "The Science that treats of mental phenomena." Then looking up the word "phenomena," we learn it is an appearance. Something that is perceived by experiment or observation.

The Aurora Borealis in the Northland is a "phenomena." It is a bright light manifesting itself. Just so is taking the application the "phenomena," or the bright light in credit granting.

Correct credit granting is the use of a systematized knowledge of facts as demonstrated by observation and experience. The proper employment of means to accomplish a purpose, the skillful adaptation and application to such purpose and the use of the full knowledge acquired.

Retail credit granting is entirely different from wholesale credit where you have facts and figures or something tangible to deal with. As the Irishman said, "Just ask Mr. Dun or Bradstreet, they are fortune tellers," while in retail credit the human element enters into it with every phase of humanity to be considered.

Our Nation stands a leader among Nations in the business world today and credit as the main factor, stands supreme. Our National Retail Credit Association, with all of its subsidiary Associations, is responsible for such supremacy. Yet, with all that has been accomplished, there is much more to do and business is still suffering from lack of credit education.

What a world of difference there would be in credit conditions today if the public generally knew of the work of the Credit Association and that it was the working man's best friend and protector, that it was the only medium that stands for him in prosperity or adversity, that it enables him to enjoy the same credit privileges as the well known or wealthy customer inasmuch as he can go into any store and place an order, refer to the Credit Association and depart knowing full well that his order will come out on the next delivery.

Then in case of adversity, the Bureau lends a helping hand by stepping in and protecting him from his creditors, by prorating

his accounts and save him from the Bankruptcy Court.

Some of the principal work of the Credit Association is to prevent over-buying or pyramiding of accounts and the return merchandise evil. Also to have the habitual *return merchandise habit* affect the credit standing the same as non-payment of bills, to push *pay your bills promptly, or you won't be allowed bills to pay*, and to let every man, woman and child know what the Association stands for and what it is determined to bring about.

Personally, I believe that this work is of such immeasurable value and so vitally important to business, that funds should be provided to push it into every village and hamlet. Just try to visualize the resultant effect this would have if all firms joined in co-operation to this end.

TAKING THE APPLICATION

This should be considered one of the most important steps in the Credit department and should be done only by the credit man or credit men, or women, as the case might be, in the credit department, and not by any of the salespeople, not on the various floors, in the fitting rooms or wherever the customer may happen to be.

This should be done for several reasons:

First—That there be no misunderstanding to mar future years of business relations, a thorough understanding must be had as to delivery, terms, amount of credit desired and who is authorized to buy on account, etc.

Second—The Credit Man is considered a direct representative of the firm and is one of the first links in the chain that binds the credit patron to the store as a permanent customer, and just so well are those first links welded, just so well is that customer made permanent. This can be done only by proper handling, by proper persons trained for that purpose.

The most costly thing in business today is the turnover in customers, as 85% of your credit business comes from old customers, and the most valuable asset is the good-will of your patrons.

Good-will, a word that seems so small and



GRANT C. BRAMAN

yet means so much. Good-will cannot be figured in money units, as it is above dollars and cents; it is far beyond the mere value of capital, yet it means dollars and cents to business.

Good-will, or good feeling, enhances your stock-in-trade, does not cost you a cent and yet has a legal sale value. It is the patronage of constant customers. Good-will is the creation of service and service is the product of taking care of every little detail at the right time in the right way.

Then there should be that personal contact, so that the applicant will go out feeling that the credit manager has a personal interest in and acquaintance with him. This can be done by calling him by name as often as possible during the interview and when you have completed the application have a little chat as to business conditions, where he is from, etc. This puts him on a friendly footing and may enable you to gain much additional credit information without an apparent desire to do so.

The credit man's name should be prominently displayed, so an applicant will become familiar with it, and know with whom he has made an acquaintance. I had a very good example of this just recently.

Some time ago a street car man made application for credit and I had a little talk with him as to just how cold it really got in North Dakota, where he was from. Recently his wife was in to buy a coat, and he came up to see me and I had another chat with him. Then just last week I was crossing the street in front of a street car, and the bell kept clanging. I turned and walked up the street, and the car slowed up and moved along beside me, the bell still clanging. I finally looked up and saw my street car friend smiling and waving his hand at me. Then I thought, "Oh, if there could only be more of that done in the business world."

The Credit Department should have a proper setting, that is, an attractive, dignified office that will command respect. This can be private if so desired. Personally, I have five large flat topped desks in the credit department, arranged off to one side of a room which in appearance is like a large hotel lobby, and have never felt the need of a private office, as on busy days it would require several private offices to take care of all the applications. Then by having the credit manager's desk prominently located, it enables him to scrutinize each applicant as taken care of by the assistants.

An executive of one of the large stores in California recently told me that they had girls take all of their credit applications, as their credit man wasn't much to look at, so they kept him in the background, but he was a bear to work. That store does not employ a credit manager, a most short-sighted policy.

Retail Credit granting is not an Art, but a Science as well, and no other work requires all of the skill and finesse of your superstructure as does credit work. At times it is a battle of wits, the credit man trying

to protect the firm and draw out all the information possible from the applicant, and the applicant trying to cover up a dark spot past and bluff an account through, so that it requires that indefinable something, that mental telepathy to help guide you into safe waters.

The serious side of a man's life is brightened at times by the humorous things that happen and that help make it most interesting. For instance, the following letter which I now have on file from a saw-mill man:

"Dear Sirs:

"We are mailing you \$5.00 on account. It would have been paid sooner but we have absolutely been unable to on account of being broke down, down here so much. It has been the company we are working for that has been broke down. Sorry but this \$5.00 is all we could get together. Thanking you, we remain, ———"

"P. S.: I am sorry I could not raise the \$5.00 payment I have started at the start of this letter and we can't promise just when the next payment will be."

A Cheerful Philosophy Necessary

The credit man that can greet each customer in an easy affable manner with a pleasant smile, whether rain or shine or collections good or bad, has an asset of inestimable value to his firm and should have a crown of glory in the hereafter.

Receiving the Applicant

Each applicant brought to the credit department is a potential buyer representing some \$362.00 a year, if a department store, and \$236.00 per year to a ladies' apparel house, and should be treated accordingly. Surely if a party came to you and offered to subscribe such a sum of money per annum according to your line of business, he would be received most cordially. On the other hand, the same treatment cannot be accorded to all, as by giving this same encouragement to some, they would move right in and buy the store, possibly with a small chance of making collection.

Know Where to Draw the Line

In taking an application, it would unfold as you would turn the pages of a book. The further you get along with the application the more you know just how far to go in filling out your questionnaire. By all means make the applicant feel at ease, especially if timid or of a nervous temperament. Get out of your hardboiled or dignified shell and be real folks and remember all the time that old precept, "He who would make friends, must first show himself friendly." If the applicant seems unfamiliar with credits, you can always, I say always, do some educational work in explaining some of the functions of our Credit Association in establishing and maintaining his credit standing locally, and if moving to another city, how it enables him through such reference established to enjoy the same credit privileges that he had in his own home town.

Turn to page 30, please

The Differential In Price Between the Cash and Charge Customer

By R. E. WESTBERG, Treasurer, Westberg & Childs, Inc., Seattle, Wash.

MY subject has been called a discussion of the "Differential Between Prices Charged, to Cash and to Credit Customers," but may be classed as a discussion of the reasons for and against the one-price policy; that is, the policy of charging the same price for cash or credit.

We have all been asked to make a discount from the marked price for cash, some of us have refused to do so and others follow the advice of the Persian poet to "take the cash and let the credit go." Some charge account stores have a policy of allowing a discount for cash, while others refuse to do so. The cash customer gives many reasons for asking for a lower price and it is my purpose to discuss the reasons for the cash store merchant and his customer in requesting a discount and to analyze these reasons from the position of the charge account store.

This question as to whether merchandise should be sold at a lower price than on charge accounts is of peculiar interest to all of us, not only as credit men dealing in charge accounts, but also as individual ultimate consumers. We all know that the R. H. Macy Company of New York advertises that they sell for six per cent less than any other New York store because they sell for cash. The New York Better Business Bureau doesn't seem to agree with their claims, but they still maintain their advertising.

Now just what are the claims of the cash store? To begin with, it is claimed that the store doing a charge business must maintain a large office staff to take care of charge accounts and adds materially to its overhead in doing so. Credit Managers, assistants, billers, posters and account cashiers, audit bureau service, stationery, postage and interest on money tied up in accounts, collectors and legal services all add to the cost of doing business on this basis and in this increase the cash customer has had no part in creating. He comes in, selects his merchandise, pays for it and the store has the profit on that sale in its till and no deduction has to be made later for collection costs.

The cash stores claim that their customers do not make as many returns of merchandise, or as many complaints, as the charge customer, who



R. E. WESTBERG

uses the unpaid account as a club over the store's head to obtain unreasonable adjustments and allowances which increase expense and decrease profits. The cash customer does not have merchandise sent on approval, which must be delivered and later called for again, to anywhere near the extent that the charge customer does. The cash customer makes up her mind when she is paying out her money and rarely wishes to

exchange, which creates a single selling cost on the sale instead of a double one. The charge customer is accused of often taking snap judgment at the store and making up her mind after the merchandise is delivered, resulting in a return for part of her original selections, whereas it is claimed the psychology of parting with the money makes the cash customer sure of her choice the first time. It is pointed out that there are not many requests to return or exchange made by the charge customer after the bill has been paid, showing that payment almost always closes the transaction.

Furthermore, the cash customer reads the advertisements closely and is partly sold before she enters the store, as she knows how much she can spend and concentrates on merchandise at that price. This makes for lower selling costs than in the case of the charge customer, who is undecided and finally ends up by having things sent out from several stores and then, of course, most of it must be ordered back.

Again, the cash customer claims that he doesn't get as much for his money in the charge store as does the charge customer. The latter, in addition to receiving merchandise, is given financial accommodation. The store acts as the banker for their charge customers without pay. The store, however, pays interest on the amount carried on the books, although the customer does not.

The proponents of a lower cash price point out that their principle is recognized by the automobile and radio industries, among others.

The cash customer pays the quoted price while the credit customer pays an added charge to cover the expense of carrying the account. The department store recognizes this principle, also, in their furniture departments, by

BRYAN NOW WITH TAYLORS

National Director William R. Bryan, who has for five years been Credit Manager of the John C. Lewis Company, Louisville, Kentucky, on July 15 became Credit Manager of the William Taylor Son & Company, Cleveland, Ohio.

Mr. Bryan is well known to the Credit fraternity. In 1917 he was elected Treasurer of the National Retail Credit Association, and in 1928 elected a Director by the Board of Directors to fill a vacancy, and unanimously re-elected at the Nashville Convention.

adding a carrying charge after ninety days; but they refuse to apply their principle to the departments carrying general merchandise. But if it costs money to carry an account past ninety days, it costs money to carry for those ninety days and if a customer taking longer than ninety days pays five per cent extra, the one paying cash at the time of purchase should be allowed a rebate of the cost of carrying it the first ninety days. How often have we heard the argument advanced that "our merchandise is priced for cash; accounts are carried merely for convenience." Whose convenience? The customers, of course. But this carrying accounts for convenience costs money and should be paid for by the one creating the cost. If the cost is already figured in the price, the person not using the convenience should not pay for it.

Furthermore, when cash is paid the money is in hand ready to be reinvested, replacing the merchandise sold and the profit on the sale can buy more merchandise, which increases selection to the store's patrons, which leads to more sales and greater net profit to the merchant. He can, therefore, afford to pay the cash customer something for doing this service.

One Credit Man, of whom I asked if he would grant a request for a cash discount, said that he would and advanced this argument: "The largest percentage of the store's overhead, for any one day, has been incurred when the doors open in the morning. Rent and salaries and most of the other expenses go on and must be paid whether any goods are sold or not. Therefore, to turn down a sale because of a slight lowering of the price means that the gross profit on the sale is really net profit lost."

The cash store also claims the cash customer is no harder to obtain, or to retain, than the charge customer. The motive for buying is the same in each case—satisfaction with the merchandise offered. The charge customer has accounts in every store in town and shops around just as much as the cash customer does. The charge store has to advertise just as much as the cash store for customers; the expense of bringing charge customers into the store is not lower than that of bringing cash customers, because they have to be attracted away from competitors in the charge business just the same.

Now, this is quite a formidable array of arguments and must be answered and answered satisfactorily by the charge store owner if he is to justify his existence. He does so by amplifying some of the cash store arguments, contradicting others and by supplying a few reasons of his own, in this way.

There is, of course, an added cost of handling charge accounts, but this cost is so small as to be almost insignificant. On the other hand, the charge account customer is a valuable asset to the store as the account does tie them up to the store. Even if one person has more than one account in the city they are generally one for each type of merchandise bought and even where several charge stores compete for one customer the competition is more limited than would be the case if everyone sold on the same basis.

There is less expense to keep the customer coming back where there is a charge account than where she pays for cash. An article in an Eastern magazine recently estimated that it cost about \$200.00 in advertising, window displays, and so on, to add a new account to the books. If this customer, through the medium of an account, can be brought back again and again without additional expense, it is a great deal gained.

Furthermore, the charge account customer is far more profitable than the cash customer, since it has been proved that the latter shops more than the former, and shops more keenly and is harder to sell. The charge customer is easier to handle for, while occasioning an added expense for accommodation, she has increased volume in two ways: By buying more per capita and by buying merchandise of higher quality and, consequently, higher price than the cash customer buys. This has enabled the

store to realize a higher gross profit at no greater expense, since it is no harder to sell a fifty dollar dress than it is to sell a fifteen dollar one. The charge account habit has tied up the more well-to-do people to the charge stores and these people do more buying without regard to price.

It is true that the charge customer returns more, complains more and probably gets more in adjustments, but a small sum spent in exchanging, approvals and such service to keep them tied up to your store is far cheaper than going out after them again. Besides, when they complain you have the opportunity to correct mistakes and keep your customer. The dissatisfied cash customer does not know the policy of your store in adjustments, never having given herself a chance to find out, and thinks it would do no good to complain and consequently goes elsewhere. Result—one customer to replace.

For carrying accounts over ninety days or, say, over a reasonable time, the customer should pay the expense since it is admitted that the cost of carrying accounts up to this time is included in the price of the merchandise. This price, however, has been earned

HERE IS SOMETHING INTERESTING FROM THE PACIFIC NORTHWEST

An analysis of the P. & L. Account of an Important Women's Store:

Skips	83.9
Sickness	4.3
Bankrupts	6.8
Impersonation	2.1

by the charge customer through their greater buying and it is lower than would have to be paid for cash without the volume of charge sales. As an example, the light automobile sold for \$1,100.00 before installment sales increased production; now it sells for \$600.00, and is a much better car. The same thing is true of other lines where credit has been applied and the cash customer receives the benefit of the price created by the charge customer without having done anything to deserve it. In paying the quoted price for any merchandise, the cash customer does pay a higher price than the net price would be without the expense of carrying charge accounts. But this is assuming that the volume would remain the same were charge accounts eliminated. However, we know that this would not be the case. Were charge accounts to be eliminated, volume would decrease, cost would increase and the price to the consumer would go up. Therefore, the added price which the cash customer pays may well be looked on as insurance to him that charge business will continue to keep the prices down to their present level.

The merchant who has never had a fire continues to pay insurance against loss, the citizen who has never been robbed continues to pay, through taxes, the upkeep of the police department to insure that he won't be robbed; and the landowner, he continues to pay for a government which keeps him in possession of that land. It is impossible to keep from benefiting from the functions of government, which keeps things as they are and similarly the cash customer derives a benefit from the activities of the charge customer and logically should pay a portion of the costs of these benefits.

Some stores, doing a large charge business, do have a regular policy of allowing a discount for cash, but these places are nearly always long-time outfitting houses (in the case of clothing) or long-time furniture stores, or stores selling other merchandise where the terms are over a period considerably longer than the usual thirty-sixty days of the store carrying ordinary charge accounts. This discount is allowed, though, because the quoted price includes a carrying charge, whether this be admitted or not. Were the regular

charge account stores to do this, such a policy would be resented by charge customers who now consider thirty days the same as cash and who would think prices too high.

Let me quote the answer one credit man of a jewelry store, in Seattle, made to a request for a cash discount. He said: "This store spends thousands of dollars each year in the newspapers, in direct mail campaigns, in its window display and in various other approved methods for attracting people and this money is spent for just one purpose—to bring people into the store. No merchandise can be sold until the customer comes in to inspect; therefore, our effort is to bring them in. A customer who is attracted in, buys on our payment plan, comes back into the store from five to twenty-five times without any further attraction and we have from five to twenty-five chances to sell them more merchandise. On the other hand, you who pay cash leave the store never to re-enter until we have succeeded in attracting you again by a repetition of the original process. We, therefore, feel that if our merchandise were priced such that a discount could be given to anyone, it would be fairer to give it to the charge customer."

Such are the reasons advanced for and against a differential in prices between cash and charge customers. The cash merchant is firmly convinced that he is right, or else he would not continue on that basis. We, who deal in charge accounts, feel that we are justified in following the policy that we do, and we are still further convinced by the fact that out of 1,300,000 retail establishments in the United States, over 1,000,000 grant credit in some form. This fact alone proves that the charge account is a vital factor in merchandising. Also, the fact that more cash stores every year are beginning to break away from their strictly cash policies prompts, perhaps, the recent statement made by a noted authority, that the big problems confronting the chain organizations today is "When will we have to extend credit in order to continue to hold up our present volume of business?"

The old saying that "Cash is King" no longer applies in the field of retailing today, but the question as

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The Department Store Group at the 17th Annual Convention, National Retail Credit Ass'n., Nashville, Tenn., June 18-21, 1929

Consistent Co-operation

By J. C. HUPPERT,

Merchants Credit Ass'n, Santa Barbara, Cal.

A BACHELOR who was born and raised in a certain community finally decided to take unto himself a feminine companion. Having been set in his ways and having lived to a mature age, he was a man about town, very popular, was a member of practically every club in the city. He was still happily married, when one day, he found occasion to make a trip into the rural section. He expected to be back by dinner-time. He went by automobile. This happened some years ago when automobiles weren't what they are today. He met with a mishap in the rural section, the car broke down some miles from communication. He was delayed and could not get back for dinner. He was to have had dinner with his wife, and she was naturally very worried.

As time went on she became almost hysterical. The evening hour approached and went well into the night. She, in desperation, appealed to his club member friends, sending out telegrams asking for aid as to his whereabouts. In the meantime the husband made every effort to get home. He finally did so. Along about ten or eleven o'clock in the evening she, of course, was in a more hysterical state. Telegrams began to arrive, but she was so worried she didn't take time to open them. He finally came, as Mr. Jeffrey said, with open arms and was greeted by his wife. She said: "George, I sent out an appeal to all of your friends asking about your whereabouts, and I was so worried and hysterical that I didn't take the time to open the telegrams that came in reply. Let us get in and open them." They did so, and they sat at the fire-



A. C. HUTCHISON

HUTCHISON GOES TO AKRON

A. C. Hutchison, Assistant Secretary of the Cleveland Retail Credit Men's Company, is now Secretary of the Akron, Ohio, Merchants Association. When he resigned from his Cleveland position, he had been with the Cleveland Credit Bureau for twelve years.

Starting as a special investigator for the Credit Bureau, immediately after leaving high school, Hutchison rose to be manager of the special report department and successfully managed each department then operating in the Bureau. Early this year he was admitted to the Ohio State Bar.

In announcing Hutchison's appointment, directors of the Akron Merchants Association told newspaper men that he had been selected from a field of several dozen applicants, in line with a new policy that will put more stress on credit work for members.

THE ASSOCIATED RETAIL CREDIT MEN OF ST. LOUIS

are starting a Special Train movement from St. Louis to Toronto, through Chicago, for the 1930 Convention of the National Association.

This is a trifle early, we admit; but C. E. Merriam, Chairman Transportation Committee, wants every member in South or Southwest to know about it.

Further details will be published in these columns from time to time.

side, and in each one of them the phraseology was identical: "Do not worry; he is staying with me overnight." That is consistent co-operation.

The very purpose of this meeting justifies the selection of my subject: "Consistent Co-operation." As we opened this meeting, so we close it, with co-operation.

I must digress for a little and refer to that very wonderful paper, as I might term it, of Mr. Henning, of Sacramento. He touched on the subject of co-operation, very lightly, I might say. He made a timid appeal to the merchants, who gathered here today, and the merchants throughout the state, for more and better and consistent co-operation.

A question was asked, from the floor, if I recollect correctly, by Mr. Storer of Pomona. Was it answered? It was not answered. I will ask you to come with me in thought and attention for a few minutes to a little hamlet 350 miles down the coast, which our early Spanish settlers named Santa Barbara, a little town made up of 40,000 souls, 40,000 intellectual men and pretty women. The town is washed on one side by the blue waters of the Pacific, and on three other sides it is surrounded by lofty mountains. It is a little unique and singular in its position but, nevertheless it is the same as every other city in the state of California, large or small, made up of the same red-blooded, two-fisted men, selling the same lines of merchandise under the same conditions, under the same terms.

Some of you may think I am boasting—yes, I am boasting, but I am not pinning a rose on myself, rather am I pinning a

rose on some 200 merchants in Santa Barbara, who comprise our Association and who have learned the value, through education and consistent work, of what it means to co-operate.

Would you believe it? It is a fact. We have one grocer in Santa Barbara who does an annual volume of business of \$700,000 per year. Eighty-five per cent of his business is done on credit. His losses for the year 1928 were \$700. I haven't figured out, Mr. Batty, what per cent that is, but by quick reckoning I think it is a very, very small fraction of one per cent.

Now let me tell you how he does it. I might say he has twice been President of our Association. He is not a director at the present time, but he will be when we have another annual election. He personally knows every employee in my office. The firm is composed of four brothers. He acts as the Credit Manager. I regard him as the head of the business. He tells me he guards closer his accounts receivable than he does merchandise that he has on the shelves. In each and every case, when he opens an account, he makes a thorough investigation, through the Credit Association, of the prospective customer. And, gentlemen, I only wish that he were here with us these last two days, to have him get up and tell you just how he handles his credit business,

He has never been out of the state of California. He has been out of Santa Barbara very little. I tried my best to get him to come up here, but he couldn't find the time. He is a practical man. He has realized and appreciates the value of the contact and connection with the Credit Bureau. He is, in my estimation, one of the best Credit Men in the state of California. I hope it is your pleasure to meet him when we convene again at Los Angeles one year hence. I am sure he will be there at that time.

He is very tactful, very diplomatic in opening an account. If you will bear with me for just a few minutes, I will relate to you how he treats a customer when he or she comes into his store. Bear in mind, the grocery business is the meanest business in the world, because the grocer sells to everybody from the man in overalls to the man who drives a Pierce Arrow car, and we have many Pierce Arrows in Santa Barbara.

I have implicit confidence in what he says, and he says that he cannot find anybody who finds exception to the way he operates his Credit Department. He has instructed all his clerks that, when a man or woman wishes an account charged and have no account or record, to have them kindly step back to his Credit Department. That man knows when a stranger comes to him that he is coming for the purpose of opening an account.

Now he, as the German says, "makes conversation out of his interview." You know, ladies and gentlemen, there are two ways to interview a customer, a credit applicant. One is the wrong way and one is the right way. The wrong way is: "What is your

name? Where do you live? Are you married? Do you own property? Where do you bank, and where do you buy?" That is all wrong.

The right way, and the way this man does it that I have reference to, is: "Oh, yes; won't you come in please? Pardon me, but what is your name? Oh, yes, Smith." As I said before, he knows the purpose of this individual's visit to his office. He would say, "I presume you desire to open a charge account?" The applicant would say, "Oh, yes; they told me I must come to see you." He would reply, "Yes, Mr. Smith, we do credit with responsible people," and he would smile by way of apology. "You know, we work with the Credit Association."

Now, there is where the co-operation comes in. He works with the Credit Association. He has the courage and foresight to mention the Credit Association in the beginning. He is not ashamed of it and doesn't do business behind closed doors. And then he goes through the formality of interviewing that man or woman and in a very tactful and diplomatic manner his questions are presented.

The question was brought up today about "What must be done with these people who become slow?" With this man, a word of education is brought in. This man has foresight enough to know that the time to educate that person is when the account is being opened. That is when he or she are in a receptive frame of mind and that is the time for him to tell her, for she is under an obligation to him. You know, we have all heard the time-worn phrase, "An account properly opened is half collected." Never was anything truer than that. He realizes the importance of that. He calls the attention of this woman to the fact that the account must be paid at a given time.

By the way, the matter of thirty days has come up for discussion. Some of the gentlemen here say, "We have no thirty-day accounts; our accounts are due and payable by the first, and not later than the tenth of the month following purchase." But he not only makes an investigation through the Credit Association, but he also knows that if this woman's husband is employed by the gas company that the gas company pays on such and such a date; if employed by the telephone he knows when they pay; by the Southern Pacific Railroad, or any other concern—he knows the payment dates and he regulates his payments accordingly. He has some accounts on a weekly basis, some on a two-week basis and some few on a monthly basis.

We have quite a number of people in Santa Barbara who are fortunate enough to be living a retired life, and their income comes from stocks and dividends and things of that kind. So much for that merchant the grocer.

We have one other merchant in the shoe business there that I would like to mention. No doubt some shoe men are in the house now. He is equally as important a credit man as is the grocer. He submits to our office, twice a year, a complete list of all of his

customers of record, good, bad and indifferent, so that we have the information in our files.

What would you ladies and gentlemen think of a grocery store or shoe store, or a dry goods store, where the clerk was to tell you, "Why, yes, we will take your order. We will have this merchandise for you this afternoon, perhaps, or perhaps tomorrow—or it might take a week." You wouldn't think much of it, would you?

I would liken a Credit Bureau to a store—both carry stocks, and our stock in trade is Credit Information. We should have it readily available when our customers—who are the merchants in our community—ask for it.

When I took charge of our Bureau some seven years ago, we had some sixty-eight members. I was confronted with this perplexing problem: The merchants would call up and we would reply: "Yes, we have a report on John Smith. He paid his bills all right. We stammered a little about it, but that was about six months ago, a year ago or two years ago." What the prospective customer did six months, twelve months or eighteen months ago was of no account whatsoever to the merchant. What was the result? Our stock in trade was old and shelf-worn, of no value to us or to our merchants who supported the association.

I conceived an idea, and I was so sure of its success that I had blanks, specially printed, for this purpose. I instructed my girl to call a meeting of all of our members for a noonday luncheon, without any idea of what the meeting was going to be about. I had a good attendance and after we were fed well and entertained a bit, I told them of my idea. I told them of the conditions that confronted us and we had nothing up to date. I said, "There is only one solution to the problem and that is that we refresh our stock in trade, credit information. How can it be done? I am going to ask each and every one of you to do as the shoe man is doing today, and submit a complete list of all your customers of record, so that we can dump this information into our files and when you call for it we can give it to you, up to date information." That was seven years ago, gentlemen, and believe me, I think Mr. Van de Water and Mr. Ruddy and Mr. Martin, who are here today, will bear me out in this statement: They accepted that system and set it up consistently. What is the result? We pride ourselves today, ladies and gentlemen, on having this information available in our office. I mean by that that when we have an inquiry in nine cases out of ten we can satisfy our merchants as to the standing and stability of that account. That may be boasting, gentlemen, but it is a statement of fact and I am proud to be able to say that we are arriving, we are getting somewhere.

Our membership is not made up of wise men who know it all. We are receptive. We are ready to learn. We want to learn. The evening I left to come up to this grand convention, Thursday evening, we had our

annual meeting. We had ninety-one per cent of our membership in attendance and that in the face of the fact that we gave considerable publicity out that the speaker of the evening would *not* talk about credit or other business. This speaker talked about the stone ages and about the futuristic feature. Now, I think that attendance was wonderful. Seventeen bankers were there. They told me they were proud to come because they believed in our organization.

How did we do it? Simply through a system of work, close co-operation, but work principally.

A few weeks ago we had in our little town a speaker of national importance. He was an orator—an actor, I might say. He entertained us in a very nice manner. He spoke about work. He said: "What is necessary to accomplish anything? Work—and lots of it. You have got to have a lot of that. You have got to have a lot of muscle and a lot of grit. You have got to have a hand mirror. You have got to have a lot of red blood." And then he went over the various subjects that he had enumerated and analyzed and told why we had to have a lot of red blood. He said: "We have got to have a lot of red blood for the hands, red blood for the cheeks, for the lips, for the heart, to build up brain cells, and," he said, "you heard me say—a hand mirror; you need that to look at the seat of your pants, to see if they are shiny. If they are shiny, you are not doing the job."

So much for my part of the speech on Consistent Co-operation. I would make an appeal to those merchants who are gathered here today, merchants and Credit Men, in behalf of the Credit Bureau Managers: "Feed your Credit Bureaus with stock." What you have in your ledgers, credit information, ought to be given us. We call it our "stock in trade." Give us more of it and we can give you better service. We can shorten that time of four and one-half days that was talked about on the floor. I thought then, that one of the reasons why some of us are not able to answer those inquiries more readily is due to the fact that we do not get the co-operation we should get from our merchants, in the way of credit information. When these inquiries come in from foreign points, we could refer to our office files immediately, if we had that information, and could immediately answer it, the same day.

When we do not have the co-operation or the stock in trade, it falls to the Bureau Manager to go out and dig up this information. Sometimes it is several miles distant from the office and, of course, we are then delayed. I would repeat, "Give us more co-operation, consistent co-operation, and we will give you better service. We are doing it in Santa Barbara. I say that without fear of any challenge. I invite any of you to come down and interview, in my absence, any of our merchants and ask them how we are getting along. It is not I who is at the head of the Bureau, it is not my assistants, it is the close co-operation of the 200 merchants who have vision, who are broad-

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The Most Dynamic Force in Commercial Life

By GUY H. HULSE, Secretary, National Retail Credit Assn., St. Louis, Mo.

THAT credit is the most dynamic force in commercial life today is proven by the fact, that out of the \$60,000,000,000 retail business done last year, some 60%, or approximately \$36,000,000,000 was on some form of credit. Some \$6,500,000,000 of this vast sum was on that form of credit known as "the installment or deferred payment" plan.

Intelligently extended credit is the mainspring of our present prosperity and a guarantee of its continuance. No subject relating to retail business, under modern merchandising conditions, is so pregnant with possibilities for good or evil.

Fortunately, seventeen years ago (August, 1912) there met in Seattle, Washington, a small group of earnest and thoughtful men and women (retail credit executives and agency managers) and out of that meeting was born the Retail Credit Men's National Association. Its purposes and possibilities at the time of its inception were perhaps not clearly defined, even in the minds of its originators.

They did, however, through their close contact with the credit problems of their day, see looming on the horizon, the things that are confronting us now. They visualized the need for a great controlling force to regulate, supervise and guide into proper ethical channels, all consumer credit extension.

From that small and inconspicuous beginning, has grown an Association which today reaches into every part of the United States and Canada, that covers Great Britain and Continental Europe and whose influence is felt in every civilized country in the world.

Making haste slowly, watching each step carefully, developing with intelligent conservatism, it has grown until today there is associated with it and functioning through it, more than one thousand Credit Associations and Bureaus, in as many towns and cities throughout the United States.

These Credit Bureaus and Associations serve and have as members 136,223 Retail Merchants of all sizes, kinds and types; bankers and professional men. These members, during 1928, paid a total of \$14,600,000 for credit reporting service. In the files of these more than one thousand Bureaus, are 60,000,000 Master Cards, recording the antecedent history and current credit record on as many individuals.

The compiling of this information, is a matter of constant accumulation, based upon proper research. Each of the 136,223 members of these Bureaus is required, as a part of his co-operation service and contractual relationship, to furnish the Bureau operating in his particular community, with the complete credit data on each of his customers. By this is meant, that regardless of the standing—financial, political or so-

cial—of an individual in the community, regardless of whether or not he pays his bills promptly or poorly, all of his transactions from a credit standpoint are constantly recorded in the files of the modern credit rating Bureau. This information is deposited by all, in order that each may draw it as occasion demands and in order that each may be able to say "yes" or "no" intelligently, insofar as credit extension is concerned.

This information is interchangeable, Bureau to Bureau. One's credit record, under modern methods of Bureau operation, follows one from place to place, as does one's shadow. I recall during a recent visit to Selma, Alabama, and while in the offices of the Selma Retail Credit Bureau, our representative in that city, a call was received asking for information regarding a man who desired to purchase four automobile tires. It seems, in the development of the information, that the man had driven into a local garage and asked to purchase the tires, offering a small down payment. He was asked for references and gave the Buick Garage in Toledo, Ohio. The Selma office requested a complete report through the Merchants Credit and Adjustment Company of Toledo.

The Toledo Bureau telegraphed that the subject of inquiry should be arrested and held for extradition. Complete information in its files showed that the Selma credit applicant had issued any number of bad checks in Toledo, Ohio—that warrants had been issued for his arrest, but that he had been able to elude apprehension up to that time.

Through this system of interchange of information, the Selma Garage was saved a considerable sum of money, a criminal was apprehended, and business was properly safeguarded.

I recall an instance in Memphis, Tennessee, wherein a certain real estate operator came into that community and endeavored to secure an option on a piece of property owned by a Director of the Credit Association.

The Director secured all information possible from the operator and then asked his Association to develop a report. From this report it was discovered that the subject of inquiry had previously been convicted in the United States Courts of using the mails to defraud, had been sentenced to serve in the Federal prison and was out on parole.

Later, however, the operator did secure an option on another piece of property. This was subdivided into lots and tickets were issued, each of which drew a lot. When the fortunate ones came to inspect their lots, they found that they were extremely poor. Other and more desirable ones were shown and a credit of \$150 was offered on the purchase of a new lot, the

price of which ran up into several hundred dollars.

In order to forestall this type of operation, the Bureau gave the complete story to the newspaper and the operator was compelled, through the force of publicity, to leave the city. Many citizens, as a result, were saved hundreds of dollars.

These examples might be multiplied indefinitely, and duplicated in practically every town and city wherein an efficient credit association exists.

These splendid results, however, would not be possible except through interlocking credit control. By interlocking credit control is meant that there should be but one central consumer credit reporting Bureau in each community, and in that Bureau should be deposited all of the information available on each individual.

In recent years, due to lack of information as to the fundamentals of proper credit supervision and an erroneous belief that each type of business presents different credit problems, insofar as credit supervision is concerned, independent Credit Bureaus serving one branch of business have been started. This is entirely wrong, because of the fact that it is essential that the Building Material Dealers should know just how much each individual consumer is obligated to the Department, Hardware, Furniture and Electrical Appliance stores; to the Garages, and Industrial Loan Banks.

By having this information developed by one central Bureau or Association, serving all kinds and types of business, pyramiding of Accounts Receivable is eliminated.

Credit, under modern merchandising conditions, is so easily procured that many individuals obligate themselves beyond their capacity to pay. There are three things, among others, that every merchant must know before he can pass on credit intelligently.

First—How much does the applicant earn and what is his financial responsibility?

Second—How far has he mortgaged his income into the future on installment accounts?

Third—How does he pay his 30 to 60 day accounts?

This information can only be secured through pooling all credit data in one central office. The operation of more than one Credit Bureau in a community has two detrimental effects:

First—It dissipates the funds which should be available constantly for the development of effective and efficient community-wide service.

Second—It dissipates credit information, through housing that information in several offices.

Duplication of community consumer credit reporting service makes it absolutely impossible for a credit granter to secure a complete picture of the credit habits, outstanding obligations and consequent worthiness of credit applicants.

Recently I visited a certain city in Georgia, and while there I found that the Furniture Men, the Doctors and Dentists, the Building Material Dealers, the

Retail Grocers, and the Small Loan Companies, each operated its own independent Credit Bureau, and that in addition to these five, the Retail Merchants Association was likewise operating a Bureau. The business and professional men of that city are cheating themselves. The cost of operation of the six Bureaus functioning is, through duplication of effort, much greater than if they were to combine their resources and credit information in a co-operative effort to accumulate all of the available credit data in one central office. They are cheating themselves likewise, because of the fact that they are not able, due to the multiplicity of credit organizations, to secure a complete and reliable report on any credit applicant.

Interlocking credit control, based upon the complete co-operation and financial support of the business and professional men in the development of one central office, not only safeguards business, but the credit morale of the citizens of the community as well.

Deadbeats are not born; they are made through unintelligent credit extension on the part of the business and professional men of the country. I know of no single thing that can and does so rend and tear the moral fabric of an individual as to be loaded with debt beyond his capacity to pay. If there is no other reason why business men should band themselves together in every community for proper and intelligent credit supervision, that reason in itself is sufficient.

The National Retail Credit Association (which incidentally is the same organization that was started in Seattle, seventeen years ago, the name only having been changed) is interested not only in the mechanics used by its more than one thousand affiliated Bureaus and Associations in the collection, correlation and dissemination of credit information; it is interested in the broader aspects of promoting a fundamentally correct understanding of the principles and ethics back of intelligent credit control.

As a result of this interest, it inaugurated some years ago what is known as Pay Bills Promptly Advertising Campaigns. These campaigns have been carried on for a number of years by a great many Associations. During part of this time, one week was set aside, known as "Pay Bills Promptly Week," and a great many Associations co-operated in these campaigns by running advertisements furnished by the National Association in their daily newspapers.

Some two years ago, we decided that Credit advertising, to be productive, must be consistent and continuous. We thereupon developed a Pay Promptly "Ad Folio" and broadcast it throughout the country. During the past two years, some five hundred newspapers have carried on continuous campaigns, under the auspices and through the support of local retail credit Associations.

Minneapolis, Minnesota, is an outstanding example of what may be accomplished through co-operative credit advertising. In that city for the past several years, a continuous newspaper advertising campaign

has been carried on, with the result that the percentage of monthly recovery on receivables has been increased from 45% to 65%. This means that should a store have \$600,000 outstanding at the first of any given month, it will through the increase in percentage of recovery, collect \$120,000 more at this time than it would have collected before the advertising campaign.

Pay Bills Promptly advertising accomplishes two results:

First—It educates the retail merchant as to his credit terms. Through reading the advertisements in the newspapers, he eventually formulates his store policy to conform with the community credit policy as announced by the Credit Association, which is, that all bills are due and payable between the 1st and 10th of the month following purchase.

Second—It educates the consumer to the need for a proper regard for all credit obligations. This is establishing what is known as a Community Credit Conscience, which is the first step in the development of a Community Credit Policy.

We hold as fundamental that there should not be under any circumstance or condition, competition in credit terms. Competition in quality of merchandise—Yes. Competition in store service—Yes. Competition in price of merchandise—Yes. Competition in credit terms—NEVER.

Outstanding among cities that have, through the encouragement and guidance of this Association, a definite credit policy are Minneapolis, Los Angeles, San Francisco, Denver, Kansas City, St. Louis, Cleveland, Toledo, Detroit, Birmingham, Dallas, Houston, Oklahoma City, Tulsa, Pittsburgh, Memphis and many others.

We are, through this development in towns and cities throughout the United States, working to the end of establishing a National Credit Policy, based upon a complete understanding of the fundamental need for interlocking credit control.

In order to further and protect the interests not only of the members of our Association, but of all other retail merchants, we recently enlisted the interest of the Department of Commerce of the United States Government in making a national survey into Credit and Collection problems. This survey is now being carried on through the Bureau of Foreign and Domestic Commerce. Five hundred thousand questionnaires have been sent broadcast throughout the United States. These questionnaires are being returned in gratifying proportions. Soon, the Department will have the data well in hand for distribution. When it is released, retail merchants may know whether or not their Credit Departments are at, above, or below par. They may know also wherein they are wrong in connection with their credit policies and procedure.

We believe, basing our judgment on the fact that credit is the outstanding factor in our present prosperity, and its control is so essential to its continuance,

that the United States Government should establish a permanent Bureau of Credits, within the Department of Commerce, whose duty it shall be to constantly secure information from all parts of the country in order that merchants may have reliable data based upon current facts.

Through such a Bureau, credit trends may be charted months in advance and merchants may govern themselves accordingly.

I recall reading recently of a splendid example as to what may be done through proper organization. Four ships were approaching each other, just off the coast of southern South America. They observed the readings of their barometers and reporting their findings to each other, it was discovered that not two of the four barometers read the same. This indicated to them that some place within a radius of three hundred miles, a storm was brewing. The American ship immediately radioed the fact to the Weather Department at Washington, D. C.

That storm was the one which later swept upward along the coast of South America, striking the coast of Florida, sweeping inland, and destroying thousands of dollars worth of property. The Weather Department was able, through this advance information, to chart the course of the storm and to warn all shipping out of its path. Not a life at sea, not a boat, nor a dollar's worth of freight was lost because of the advance warning.

The citizens of that part of Florida where the storm first struck had knowledge of it forty-eight hours in advance. They were enabled thereby to take necessary precautionary measures and it is said that probably no lives and very little property would have been lost, had it not been for the fact that an inland lake burst asunder its bounds and flooded a wide territory.

The storm was charted, as it swept northward through the United States, until it finally faded out up near the Canadian border.

This same thing may be done in connection with a careful analysis and charting of credit trends. Many an individual merchant might be saved from bankruptcy, were he warned sufficiently in advance to protect himself, as to changing credit conditions.

When we appreciate that all credit is basically the same, regardless of the terminology used in describing it, we realize how important such a Bureau dealing exclusively with that subject will be if and when established.

We have been preaching the gospel of better credits constantly and consistently for seventeen years. It may be said with justifiable pride, that we have exercised the one stabilizing influence in connection with the proper safeguarding of all consumer credit extension.

Mechanical Aids to Credit Reporting

By R. S. MARTIN, Manager,

Retailers Credit Ass'n., San Francisco, Cal.

IT is a long cry from the modern Credit Bureau to what was once known as a Credit Bureau, namely, a shoe box with a few cards therein, placed on the top of a safe or a counter, possibly in a real estate or insurance office; or perhaps not even such visible evidence of records, all available information being carried "under the hat" of the party operating the Bureau. And still it was not so many years ago that most Bureaus were of that type. Picture in your minds the contrast today. Most of you come from communities having your own Credit Bureaus, and many of you frequently take the opportunity of visiting those Bureaus and are thus more or less familiar with their physical set-up as well as the type of service now being rendered.

Credit reporting is a specialized service requiring intensive study, not only to standardize methods, but to adopt and apply special features to meet the peculiar demands of each locality.

Within the last seven years there has been a tremendous increase in the usage of credit so that it now represents a modern type of service demanded of every merchant by customers. Because of mass distribution forced on retailers due to the surplus of goods created by mass production on the part of industry so geared during the war, it was necessary for retailers to adopt every vehicle to move goods in as large volume and as quickly as possible to the consumer. Consequently, credit has been featured and frequently advertised as a special service by all wide-awake retailers, because they realize that credit is an incentive and an inducement to more free buying with a consequent increase of volume. However, like most good things, it has its disadvantages, and in their eagerness to develop credit many merchants have misled the public into believing that it is a commodity and not a service, and because the public has apparently lost sight of the fact that credit really is a service and accommodation they frequently abuse the privilege.

CREDIT IS A SERVICE ONLY WHEN PROPERLY EXTENDED. With the misinterpretation of the real definition and usage of credit on the part of the public, partially due to the merchants themselves as above expressed, it has resulted in constantly increasing unreasonable demands on the merchant. The merchant in turn, faced with the necessity of meeting these demands both as to time in delivery of merchandise and terms of payment, causing keen competition in credit between merchants, has had his Credit Department unduly burdened. The Credit Bureau, being the central office and the only channel through which all information must flow, naturally becomes the **NERVE CENTER** of retail credit in every com-

munity, and must exercise every reasonable effort to assist the merchant in meeting and solving the acute situation in which he is now placed because of the modern trend of retail business.

It has frequently been said that Credit Managers must be salesmen, because in the extension of credit every reasonable and safe action is taken to deliver merchandise promptly to customers. There is a vast difference, however, between the functions of the Credit Department of a store and the Credit Bureau. While the Credit Department of a store may be considered an auxiliary of the sales service, the Credit Bureau might be termed a mercantile agency engaged in the procuring and dissemination of authentic information regarding individuals, which is used in the development of credit reports furnished to our subscribers. However, we are distinctly more than an ordinary mercantile agency, for the reason that our aims and purposes, and the mainspring of our activities, are **CO-OPERATIVE**, and because of this co-operative feature of our operations we become an integral part of every retail institution. Merchants and Credit Managers usually act as directors or as an Executive Committee of the various Bureaus, and the Credit Bureau, as a general rule, is the nucleus around which centers most of the activities of the retail credit fraternity either being synonymous with it or, if the Credit Managers have a separate local Association, it is generally allied with their Bureau. Through such linking together of the store and the Bureau, we are absolutely interdependent on each other for the daily successful interchange of credit information.

What have Credit Bureaus done in their effort to assist merchants and Credit Managers in furnishing prompt merchandising service to customers? They have, firstly, banded themselves together in State units and in one large National unit. In California, eighty Credit Bureaus belong to our State Association, the largest State unit in the country, and are all in turn affiliated with the National Retail Credit Association. The purpose of the State and National Associations is that we may have frequent meetings in order that Bureau Managers may interchange ideas and discuss common problems so that ways and means may be adopted for the improvement of service to our subscribers. We have found that all Bureaus, large and small, have the same fundamental problems, and by concentrating thereon we have evolved a uniform procedure for credit reporting throughout the state and country. Through the collective experience of various Bureaus in different communities and the interchange of thought and discussion at our numerous Regional and State Conferences, plus a monthly State

Bulletin and a semi-monthly National Bulletin exclusively for Bureau Managers, there is a constant missionary effort being exercised to the end that all Bureaus may be brought to at least a standard degree of efficiency. With a continuous educational campaign among our eighty Bureaus in California, as well as among the more than 1,000 Credit Bureaus throughout the United States, Canada and Europe belonging to the National Association, we are making constant progress in that through the adoption of uniform standard methods not only in each state, but nationally and internationally, we are now "speaking the same language," and this in itself facilitates the exchange of confidential credit information. This was the first real progressive step, for, by welding together the Bureau Managers into a fraternity, they have had an opportunity for the exchange of experiences and the interchange of ideas that has broadened their outlook to the extent that each in his own community is now more fitted and able to adapt himself to unusual situations requiring specific types of service.

There has been developed a medium of exchange known as the National coupon, that is purchased by Credit Bureaus from the National Association and by which a Credit Bureau can make request of any affiliated member anywhere for a complete credit report, the coupon carrying with it payment therefor. This international medium of exchange has tended to facilitate greatly the rapid interchange of information.

Intensive study has been made within the last five years to determine the best systems of filing, filing equipment, telephone equipment, form of typewritten reports, printed forms, method of daily, rapid interchange of ledger information between store and Bureau, and numerous other items entering into the intricate detail of the daily operations of a Credit Bureau. A retail Credit Bureau is really a peculiar institution, probably comparable to no other type of office, not merely because of the great detail required in the handling with precision of each and every inquiry, but because of the difficulty in training personnel to adapt themselves to this unusual kind of work. It has been found that the question of personnel is really the most important internal feature of the Bureau because, while a survey of modern equipment and selection therefrom can readily be made, it is extremely difficult to find out and then secure competent personnel for our specialized type of work. There are very few trained Bureau operators available, and consequently it is a constant task to secure likely girls and train them. In the handling of personnel it has been found that barely one out of five girls, even though having had very general office experience, can adapt herself as a unit or station operator in the Reporting Department of a Bureau, because the qualifications required of such an operator are not frequently found combined in one person, namely, alertness, accuracy, good eyesight,

common sense, tact, composure, patience and courtesy.

Contentment makes for efficiency. This fact has been determined by careful research on the part of large corporations. It has been found that the most agreeable working conditions result in maximum efficiency from all employees. Consequently, every effort should be made to have the proper lighting, ventilation and heating, as well as correct arrangement of equipment allowing suitable working space for each employee while securing the maximum use of floor area. It has been proven that if each operator has a "correct posture" chair adjustable to her own peculiar needs, she is less fatigued and consequently her efficiency is greatly increased.

Filing systems have been carefully studied, and it has been found that very few are adaptable to a Credit Bureau. If the more complicated and comprehensive filing systems are used, it is found that they are not practical because of the constant and rapid usage of the files. It has been ascertained that a simple, yet fairly comprehensive straight alphabetical index with the proper number of subdivisions, and with accurate cross-indexing, is the most practical, safe and speedy for our purpose. In our Bureaus, after a very thorough study of every filing system on the market, we have recently adopted one that seems to meet our needs, always with a view to relieving the operator of as many useless motions as possible. Our present system contemplates a cross-file facing the operator both from the right and left, so that she seldom needs rise from her chair and has instantly available at her fingertips many thousands of credit records with a minimum amount of lost motion involved in securing them. With carefully designed sorting racks in front of each operator, the procedure on her part is now controlled with almost scientific precision.

To meet the demands for instantaneous telephone service, it has been necessary to make an exhaustive study, not only of numerous Bureaus, but of local conditions, having the Telephone Company likewise make a comprehensive survey of actual usage in the office, as a result of which we have selected equipment best suited to our needs. It has been demonstrated that the absence of noise, or the elimination of it to a minimum, likewise makes for greater efficiency, and that thought also was borne in mind when determining the installation of the most modern and efficient telephone equipment. We have installed specially built equipment called the "visual system" which entirely eliminates the usage of telephone bells, all calls being indicated by lights in front of each operator, and each operator having a direct wire to "Central" as well as a local through the main switchboard. This equipment is speedy, direct, eliminates confusion and delay, and allows operators to arrange their work in the proper order to make outside calls on investigations as time permits between incoming

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A Census of Distribution

By Dr. R. J. McFALL, Chief Statistician for Distribution
U. S. Bureau of Census.

EFFICIENCY has increased amazingly in most fields of production during these last few years. To a very large degree this increase in efficiency has been based upon increased statistical and other analytical knowledge of the operations of production. Meanwhile business has had far less exact knowledge of distribution and it is generally conceded that distribution has not kept up with production in the race for efficiency.

The average output per worker in production has increased 85 per cent since the beginning of the century and 34 per cent since the end of the war. We have no comparable figures to show the changes in efficiency in distribution, but the fact that production is taking a smaller, and distribution a larger, share of the consumer's dollar than before the war makes it quite clear that distribution has not increased in efficiency so rapidly as production.

There certainly is some relation between this situation and the fact that while we have abundant data regarding production, we have very few dependable statistics covering the field of distribution. It is but natural then that business is now demanding that the Government should provide better statistics of distribution.

Demand for better statistics covering the field of distribution has been growing for years. This resulted, in 1925, in a general conference concerning distribution held under the auspices of the Chamber of Commerce of the United States, at which the Committee on the Collection of Business Figures was appointed. The first important meeting of this committee was held in New York in December, 1926. In conference with the Director of the Census, it was decided to take a test census of distribution in Baltimore during the early part of the year 1927.

This experiment in Baltimore revealed that there was a great deal of valuable information that could be gathered from the retailers and wholesalers and it was decided to extend the trial census to several other cities. In co-operation with the Chamber of Commerce of the United States, the following cities were covered: Atlanta, Georgia; Chicago, Illinois; Denver, Colorado; Fargo, North Dakota; Kansas City, Missouri; Metropolitan Providence, Rhode Island; Metropolitan San Francisco, California; Seattle, Washington; Springfield, Illinois; and Syracuse, New York.

Immediately upon completion of the work of collecting the data in each city, compilations were started and a preliminary statement prepared for publication by the Bureau of the Census showing the principal facts. More detailed compilations were later made by

the Bureau and published by the Domestic Distribution Department of the Chamber of Commerce of the United States. These figures showed the number of establishments by classes, the number of employees, their salaries and wages, the inventory and sales for each of approximately seventy-five commodities, and in what type of stores these commodities were sold.

Immediately after the reports got into the hands of the business men this experimental Census of Distribution met with an enthusiastic reception and there was a widespread demand to have a nation-wide census of distribution taken in conjunction with the forthcoming Decennial Census. As a result, the bill now before Congress to provide for taking the regular census late this year provides also for the taking of a census of distribution. If this bill is passed and becomes a law, the Bureau of the Census will proceed to take the first national distribution census which has ever been undertaken.

This census of distribution, if taken, is expected to supply the nation with basic data concerning its distribution agencies, thus filling the greatest gap which has existed in our knowledge of the national economic life. We have for some time known the number of our farmers, foresters and miners, and what they produce. We know the numbers of each class of manufacturers, what they produce, the value added by their manufacturing processes, the number and wages of their employees, and many other useful statistical facts about production. When it comes to distribution, however, we know none of these things. We have only the roughest of guesses as to the numbers of retailers in the country and the total value of goods sold at retail each year.

Distribution is just as vital to our national well-being, just as truly productive of economic values, as are those processes usually classed as production. It is high time that we had some accurate knowledge of this phase of the nation's business; if for no other reason, in order that this part of our business life may be seen by all in its true perspective and appreciated at something like its real value.

The whole field of desirable distribution data cannot be covered in such an initial census. The main limitation comes from the fact that the records kept by our retailers, wholesalers, and other distribution agencies, are so limited and incomplete that it is useless to ask the rank and file of such merchants any elaborate questions about their business. Needless to say, it is impossible for the Bureau of the Census to compile any more detailed information than it can secure from those actually engaged in distribution. It

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A Message From a Merchant

By FRANK M. MAYFIELD, President, Scruggs, Vandervoort & Barney
Dry Goods Co., St. Louis, Mo.

This Address Delivered at Convention of National Retail Credit Association, Nashville.

IT is a pleasure to be here, today, because it is always a pleasure to meet with a group of men who are studying and, to some extent, solving the problems of their business. It seems to me that this desire to study, this desire to improve methods is at once the hope and the characteristic of the American business man. I know of no field that is doing a better job in analyzing its problems than the retail field, and I know of no field in which it is more appropriate.

Then, there is a goal for all of us, in gaining of volume; all of us are growing rapidly, and we all know that growing volume will cover a multitude of sins in store operation, even the bad operation of a Credit Department.

For the last five years, as the Harvard Bureau of Business Research (which is recently out) shows, there has been substantially small growth in the department stores of this country. The volume has held relatively the same, or small increases; expenses have continued to rise, as they did in the old days of increasing volume, with the resultant decrease in net profit.

I know of no reason why a wide-awake, progressive, active store cannot plan and expect to get a gain in volume in proportion to the growth of the city in which you happen to be located, in wealth and population, but it is becoming increasingly evident that department store growth has a tendency to stabilize, and that we, as members, must look for increasing profits and better methods of internal operation. You gentlemen are engaged in that study, and I congratulate you on it.

Business in the United States is generally good, but one of the alarming spots to all of us has been the credit situation. Two or three years ago, money was plentiful, many people borrowed money at the banks to buy bonds and stocks and buildings, all of our municipalities borrowed for public improvements, our public utilities borrowed, and all of these things, plus some exporting of gold, has brought about a credit stringency which the credit experts of the country are now trying to combat. Of course, no one believes that this problem will not be solved.

I have some figures which show that, industrially, the United States is like a young man, about twenty-five years of age. Economists say that in 1890, the wealth of the country was fifty-five millions, and last year was four hundred million. The value of manu-

factured products rose from nine million to sixty-two billions; and life insurance, in the same length of time, from four billion to

ninety-five billion.

All of these things indicate, in fact prove, that however great the industrial accomplishments of the last quarter of a century, the next quarter of a century will make them pale into insignificance. It is well, however, even in so optimistic a frame of mind, to remember that the fundamental business procedure must change.

A few years ago, we began to believe that time payments and easy money was the entire solution to the problem of increased production; we gave time on everything, we even allowed people to buy better clothes as well as automobiles and furniture and all the other things that have been bought that way. I have no quarrel with time payment as such, but I think it is our duty, as credit men and as merchants, to see that the customer follows sound economics, which in turn will be sound economics for us. (Applause.)

A few weeks ago, I was in Europe, and I saw a Belgian saloon selling beer on time. There were a lot of people who seemed to appreciate it, I haven't any doubt.

I remember a few years ago, at the time of the St. Louis tornado, when suddenly a great tornado swept all across our city and laid a path some one or two hundred yards wide all across, the Red Cross made an official report, in which they showed some eighty-five per cent of the people in the tornado swept district had so mortgaged all their property that they could not pay for it, and they had mortgaged their future incomes so they had to subsist on public charity until they could get back to work.

Of course, I think these problems are being solved, I think the credit men are taking the lead in returning to a sounder basis in this country.

One thing I wish to mention here and other places is the wisdom of a community credit policy. I cannot see any argument against it, and I can see a thousand for it. Banks, long ago, saw the wisdom of a lack of competition in rates, and no one would now say that it is either against the public interest or against the banking business itself, that it lends money at substantially the same rate to the same class of customers, and pays exactly the same rate for depos-



FRANK M. MAYFIELD

Retail Credit Methods of Country Seen as on Sound Basis

NOTWITHSTANDING the frequent failures among retail establishments due to unwise credit policies, the retail credit structure of the country as a whole appears to be on a solid foundation, Dr. W. C. Plummer yesterday told the seventeenth annual convention of the National Retail Credit Association at Nashville. Dr. Plummer, a recognized authority on credit subjects and a professor of economics at the University of Pennsylvania, is temporarily attached to the Department of Commerce for the purpose of directing a nation-wide survey of the retail credit situation in all its phases. This investigation was begun at the request of the National Retail Credit Association and is being carried on with its active co-operation.

A vast fund of data relating to all lines of retail selling has been received in the Department of Commerce and is awaiting compilation and analysis, Dr. Plummer stated. In order to present to the business public the information available with the least delay, a preliminary report has been issued which covers 440 department stores, 339 automobile dealers and 1097 independent grocery stores, the returns on which had been received up to the middle of April. These retail establishments in 1927 did an aggregate business of more than a billion and a half dollars. For many purposes, Dr. Plummer pointed out, the results shown in this preliminary report may be considered to fairly represent the respective types of retail trade discussed, although for others it is desirable that a greater number be analyzed.

Referring to the proportion of credit to cash sales, Dr. Plummer said the available information showed that two-thirds of the automobile dealers sales, more than half the grocery sales, and about a third of the department store sales were made on a credit basis. The average bad debt loss reported in these three lines of retail activity was relatively low. For the department stores it was only 0.4 per cent on regular charge account sales and about three times that figure or 1.1 per cent on installment sales. The automobile dealers showed a situation exactly the reverse, losses on open accounts amounting to 0.9 per cent as compared with 0.4 per cent on installment sales. The grocery stores which did a credit business reported a loss from bad debts on charge accounts of 0.6 per cent.

The wide-spread use of credit bureaus and the extensive employment of finance companies by automobile dealers were two outstanding facts disclosed by the credit survey to date, according to Dr. Plummer.

First results of nation-wide credit survey indicate satisfactory situation generally prevailing, Commerce Department expert tells National Retail Credit Association. Extensive employment of credit bureaus reported.

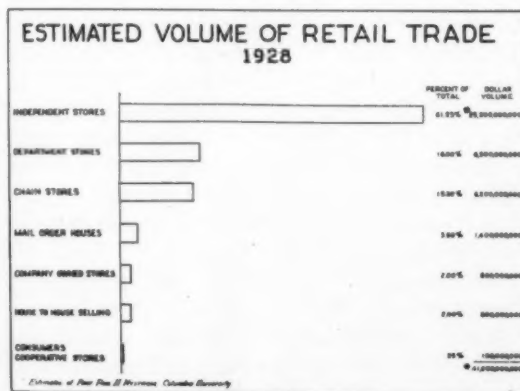
Approximately 90 per cent of the department stores, 80 per cent of the automobile dealers and 70 per cent of the grocery stores reported using credit bureaus. Eighty-five per cent of the automobile dealers

covered in the preliminary report stated that they used finance companies in handling their deferred payment accounts.

Standard terms of sale, the survey revealed, are almost universal among automobile dealers. Ninety per cent of these dealers require at least one-third down payment and more than 80 per cent limit the life of the installment account to twelve months or less.

That installment selling is increasing among department stores is indicated by the returns received. These showed that between 1925 and 1927 installment sales increased more than 15 per cent as compared with 6.7 per cent for open credit sales and 0.2 for cash sales. Installment sales, however, represent only 6 per cent of the total volume of business.

Department stores have a perplexing problem in connection with returned merchandise, the survey reveals. Those which are analyzed in this preliminary report showed returns and allowances on cash sales of 21 per cent on open credit sales, 12 per cent on installment sales and 6.8 per cent on cash sales. The highest percentage of returns and allowances was reported by establishments having annual business running from \$1,000,000 to \$10,000,000 these reporting, more than 25 per cent.



Credit and the Future Credit Man

By CHARLES I. GALLAGER, Manager
San Mateo and Burlingame Assn., Burlingame, Calif.

RETAIL credit, as at present constituted, is not the invention of any individual or group of individuals. The growth of credit may be likened unto a building whose foundation was constructed for a one-story structure. As business boomed, story after story was added and supporting props were put where it was thought they would aid the structure the most. However, this did not strengthen the foundation, and in order to make the building safe it was necessary to reconstruct from the foundation up.

And so it is with credit. It is true that many of the defects of credit granting have been corrected, thanks to our National Organization and Credit Men in various groups.

However, there is one point, and this particular point made itself very plain here yesterday: That the continued success of the retail credit structure rests solely upon a better understanding and co-ordination of the working functions of the Credit Manager and the Bureau.

To realize the truth of this statement we merely have to investigate the cities that obtain the highest percentage of returns on accounts receivable and we will find that the co-operation of the Credit Bureau and the Credit Manager in these cities is of the highest.

The ulterior motive of our meeting in conferences of this character is purely a selfish one. We hope, by the interchange of ideas and opinions to render ourselves more efficient to our individual organization and thereby gain for ourselves greater compensation. If such be true, the time has arrived for us to cast aside the cloak of camouflage and face the true facts.

The time is ripe for the Credit Man and Bureau Manager to realize that, with the constant changing of conditions and economic situations, a higher standard of performance is going to be demanded. We have talked considerably in times past of selling ourselves to our bosses and of professionalizing our work. It undoubtedly has been well that we have done this because it has in some instances gained for us more recognition than was formerly our lot. However, it requires a great deal more than sales talk before we can obtain a place in the sun that rightfully belongs to the Credit Man. Every day we hear of mergers and impending mergers and investigation will reveal the fundamental reason for these mergers is that the organizations merging realize the economy of operation by consolidation.

And so it is with Retail Credit. The future community credit policy will be considerably more than that policy as we know it today. The time will un-

doubtedly come and very soon, when a greater community policy will be established consolidating the credit functions of all organizations extending credit. If this comes about the central office of such an organization will be the Retail Credit Reporting Bureau, which will take on the semblance of a financial institution. Then the Credit Men, although they will be relieved of some of their responsibilities, will come into greater prominence, that is, in their own organizations than they occupy at the present time. The importance of their position will be increased many fold. He will no longer be a promoted bookkeeper. His position will be of equal importance to the four major heads of most of the present organizations. He will be more than a Credit Man. He will be a financial adviser in his institution. His opinions and his suggestions, not only in matters pertaining to finances, will be sought and followed out; but he will be closely allied with the sales organization and the sales promoter, because it is through the Credit Man's Department that the closest contact is made with the customer.

We should strive to promote the welfare of our institutions more than we do at the present time.

The fact that we are here in an endeavor to improve and make ourselves more efficient is begrudged by no one, rather we are encouraged. Therefore, let us make the best of our time and effort. Let us realize, Mr. Credit Man and Mr. Bureau Manager, that we must constantly strive to better our methods of operating and effect a more workable plan than is now in existence.

We have a very striking example of the change of condition and what has happened, unless the people occupying the positions realize that a change is going to come about. We have to look to the banking business for an example. If you go to most banking institutions you will find the tellers are behind the cages who were there occupying those same positions ten or fifteen years ago. We all know that the banking business revolutionized itself in the last fifteen years. The men on the ground floor had the opportunity to make themselves and make themselves more useful to their organizations and thus receive better paying positions, more responsible than those they then occupied; but they were too close to the picture and they didn't realize the conditions, which were changing, and as a consequence business changed and went by them without their knowing about it, and newer and younger men stepped into the field and took the jobs that should rightfully be the jobs of the older fellows.

As I stated before, I believe that if we can work

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A Retailer Talks to Wholesale Credit Men

By P. H. CARR, Credit Manager,
Standard Clothing Co., Minneapolis, Minn.

THE National Retail Credit Association during the past week, completed their 17th Annual Convention in Nashville.

They send you greetings and congratulate you on your splendid achievements. They give you assurance of their good-will and of their desire to co-operate in the most effective manner in our joint problems.

We feel a very close kinship to your Association. There are many obvious reasons. One that would seem particularly apropos to be mentioned at this meeting is the fact that our Association was born of inspiration furnished at the last convention which your Association held in Minneapolis in 1911. Mr. Gilfillan, who at the present time is the Secretary of our Local Retail Credit Association, and the manager of our Credit Reference Bureau, attended some of your sessions as a Credit Manager for one of our large department stores. There, he conceived the idea of calling a meeting of Credit Managers of some of the important retail stores in the United States for the purpose of forming a National Retail Credit Association, similar to your wholesale association of Credit Men. In 1912 they held their first meeting in Spokane, and as I have said before, they have just completed their Seventeenth Annual Convention.

Your Association has always maintained an interest in the growth and success of our Association, and it is said that the two Associations have worked in closer harmony this last year than ever before, largely due to the attitude of your Executive Manager, Dr. Stephen I. Miller. We cherish your interest in our Association and want to maintain and foster a wholehearted open-minded and unselfish spirit of mutual helpfulness.

The importance of sound retail credits in the successful administration of wholesale credits is not a minor quantity. Not so many years ago it was a problem for wholesalers and manufacturers to obtain or produce sufficient goods for waiting buyers. Now and for the past few years our problem is to sell enough goods at low enough price to maintain large scale production and extensive operations in highly competitive markets. If the business of the United States was to continue its rapid development, of the demands of forced production, in order to keep our people employed and continually consuming our products, was to be met, a means of making easy purchase and consumption had to be found. This brought about the extensive use of retail credit and installments. Born of necessity, it has not only met the needs of its original purpose, but has given an additional impetus to our commercial life, and is now re-

Delivered to Convention of the National Association of Credit Men (Wholesale). Mr. Carr attended the convention as the special representative of the N. R. C. A.

garded as one of the links in the chain of progressive steps that has made the scale of living in the United States the envy of the world.

We have often been called a prodigal nation and yet analysis will show that this very prodigality has made us the richest nation in the world. Consider for a moment if the people of the United States would suddenly decide to become frugal, saving and parsimonious, buying only the things that were absolute necessities, what would become of the merchandise we are producing? We would immediately have a surplus of all luxuries. The production of them would cease. People and capital employed in their production would naturally seek other employment and drift into producing of necessities. This in turn would produce a surplus of necessities causing disastrous competition, additional unemployment, loss of money, business chaos, and a rapid decline to the level of more seemingly prudent nations.

The extensive use of retail credit did not, of course, happen overnight. There were many difficulties to overcome, and the establishment of the present system of rating individual users of credit and making investigation of credit applicants, through centralized bureaus, the unification of these bureaus into one great National Association, whereby the experience of merchants on individual users of credit was made available to other merchants in all parts of the country, was the work laid out for the National Retail Credit Association. The results they have obtained have been most remarkable. Our Association at the end of seventeen years of strenuous effort has increased its membership to over sixteen thousand. It has adapted itself admirably to the problems confronting the retail interests during a period of credit expansion, with new and varied ramifications, without precedent in the history of any country. But their work is by no means finished. The field is more widely open than ever. The demand is for greater production, which means corresponding distribution, with credit in general and consumer credit in particular at its greatest medium of acceleration. This situation demands a broader system of credit education reaching not only the large centers of population but also the small centers and the consuming public itself everywhere throughout the country.

There is a demand for a better understanding of the ethics of credit relationship, for uniform methods of operation and control, for a community credit policy in every community.

Our Association has largely been built around the

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Protecting Mail Payments

By R. E. WESTBERG, Treasurer, Westberg & Childs, Inc., Seattle, Wash.

HOW many stores have a system that effectively prevents the loss of checks meant to be applied on the account of the drawer (or endorser) after these checks have been received by the store? A recent investigation in several of the larger cities of the Pacific Northwest revealed the fact that many of the larger stores were exposed to such losses through faulty systems of receiving and crediting such items. Only one store investigated was operating a system that was considered as nearly perfect in preventing such losses.

The investigation referred to was made after one department store found that several customers' checks, sent by mail, had been cashed through the cashiers' windows without being applied on account. No trace of the persons cashing these checks could be found as the cashiers who took the checks could not remember whether they had been presented by an employee or not, and as they were authorized to cash checks as well as take payments on account, no blame could attach to them. The incident, however, proved the need of some system to prevent this kind of theft, since it was obvious that the checks had been stolen from the incoming mail by a dishonest employee and later cashed by herself or by someone outside to whom she had given them. The resulting investigation made by the Protective Association showed that most of the stores were wide open to this kind of loss. One store had separate cashiers to handle payments who did not cash checks, but only one store had a system that eliminated nearly every possibility of dishonesty in the handling of checks, whether cashed or applied on account.

This system delegates one person to open all incoming mail and enclosed checks are stamped with a special stamp indicating that the checks have been received by mail in the A. M. or P. M. and the date. These checks then go forward to the Credit Manager's desk for his information and thence to the cashier for the proper credit. Such checks having the "mail" stamp are useless for any purpose but to be credited on account, and could only be exchanged for cash where a conspiracy existed between the mail receiving department and the cashiers' department.

On checks passed through the window, the cashier is protected by the triplicate receipt written. Where the amount of the check exceeds the amount being credited, the cashier writes on the face of the check the amount being credited and the amount of change being returned to the customer. She also writes the number of the receipt on the check, and her own initials or stamp.

The same system is followed where a check is proffered in payment for merchandise. The sales check number is written on the face of the check, while the word "check" is written on the sales check. This identifies the check with the sale.

Where the same cashiers take payments and also cash checks a code is used to distinguish between the two cases. The cashier initials the check if it is a payment but uses the letter "C" before her initial if it is being cashed. Thus, Miss Brown takes a check to be applied on account and initials it "B," but if she cashed it for the customer, she would use "CB." (This system is quite sufficient although it would probably be better to write "for cash" on the face of the check which would eliminate all doubt.)

It can readily be seen that, where no system of identification is used on incoming checks, a serious loss might result over the period between statements and not be detected until the customers complain and unless there is positive identification of those persons handling checks from the moment they are received until they are properly credited, it is inevitable that such losses will occur sooner or later. The best way to avoid losses is to remove the temptation by making theft so difficult that exposure would be almost impossible to avoid.

The Differential In Price Between the Cash and Charge Customer

(Continued from page 9)

to whether a discount should be allowed or not is still an argument. To me it seems that the question is one of policy rather than of costs. Selling, in general, a different class of merchandise than the cash stores, offering more services and in many cases catering to a different class of clientele, the element of competition in price does not enter so strongly.

From an ethical stand, you may get either answer you wish, depending upon which way you lean the harder, thus proving that ethics is not involved as between the two types of stores. It is therefore a question of policy of the individual store and must be answered from that angle. The preponderance of opinion, however, in the case of the credit store selling on the customary thirty days' time, will be, I believe, to the effect that a cash discount would be inadvisable, while in the case of those stores carrying long-time accounts, the opposite would be the case.

Educational Course—Its Scope and Purpose

By GUY H. HULSE, Secretary and Educational Director
National Retail Credit Association, St. Louis, Mo.

THE following questions and answers concerning the Educational Course of the National Retail Credit Association were prepared at the suggestion of Frank Batty, Chairman of the Educational Committee of the National Retail Credit Association, with the thought in mind of:

First—Giving complete instructions as to how and when a Credit Educational Course Class should be formed in your community.

Second—Answering such questions as might be raised regarding its proper conduct.

Third—The results which may properly be expected therefrom.

The time is rapidly approaching when class work should begin. It is suggested, therefore, that the instructions as listed be followed in order that your class may be started during the early fall.

You will find this course a vital factor in developing a proper understanding of the fundamentals back of intelligent consumer credit extension.

Q. How shall we organize a Credit Educational Course?

A. First: Appoint an Educational Committee composed of persons who are vitally interested in promoting sound consumer credit in your community. Having as its head one who is capable of and willing to direct the affairs of the class. Second: Order from the National Retail Credit Association, 606 Equitable Bldg., St. Louis, Missouri, a sufficient number of student enrollment cards to meet your needs.

Third: Put on an active Campaign for the purpose of interesting as many Merchants, Bankers, Professional Men and Credit Executors as possible in taking the Course. Have each Student fill out and sign one of the enrollment cards, making at the same time a deposit of \$3.00 as his enrollment fee.

Fourth: Send these cards to the National Retail Credit Association, 606 Equitable Building, where they will be filed in alphabetical order according to City and State.

Fifth: Send Two Dollars of each Three Dollar enrollment fee to the National Office.

Sixth: Keep One Dollar of each Three Dollar enrollment fee in your Class Treasury to meet incidental expenses.

Seventh: Decide just where and when classes shall meet and notify each student accordingly. Eighth: Give full particulars of the formation of your class to your local newspapers and carry complete details in your Bulletins.

Q. Of what does the Educational Course consist?

A. A series of fifteen lectures on the following subjects:

No. 1—"DEFINITION OF RETAIL CREDIT."

No. 2—"THE PLACE OF THE CREDIT DEPARTMENT IN THE ORGANIZATION OF THE RETAIL STORE."

No. 3—"THE STRUCTURE OF THE CREDIT DEPARTMENT."

No. 4—"ORIGINATING ACCOUNTS."

No. 5—"DETERMINING RESPONSIBILITY OF APPLICANT."

No. 6—"ACCEPTANCE OF APPLICATION."

No. 7—"AUTHORIZATION."

No. 8—"COLLECTIONS."

No. 9—"INSTALLMENT BUSINESS."

No. 10—"INSTALLMENT BUSINESS."

No. 11—"LEGAL REMEDIES."

No. 12—"CORRESPONDENCE."

No. 13—"CREDIT PROBLEMS."

No. 14—"CREDIT PERSONNEL."

No. 15—"SYNOPSIS."

Q. Are these lectures written out in full?

A. No. An outline of each has been prepared and printed in booklet form.

Q. Are these lectures to be prepared by members of the class?

A. Yes. Choose a competent person to deliver the lecture covering each subject. He will use the outline to assist him in its preparation.

Q. How will he receive the outline?

A. An outline of each lecture, together with complete instructions covering the proper conduct of your class will be sent you as soon as your enrollment cards have been received at this office.

Better Collections - - - More Accounts - - - Fewer Losses

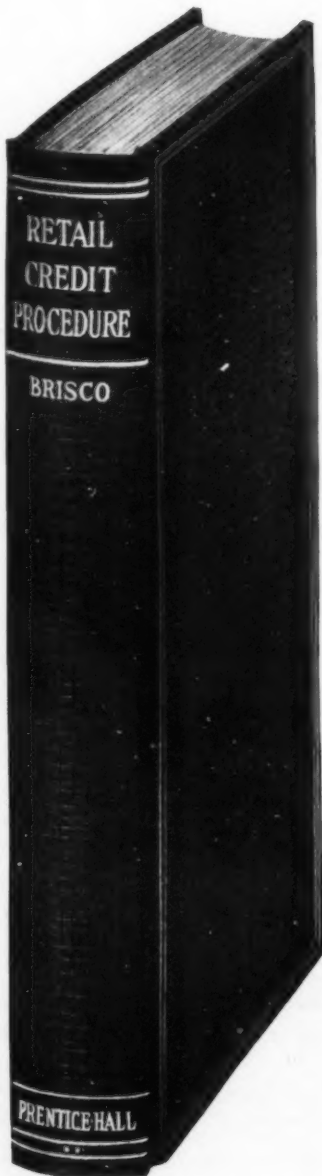
Retail credit men have worked out plans by which retailers can successfully handle every phase of retail credit. Successful in cutting down losses and increasing the number of accounts in their own stores, they now make their methods available to all, in

Retail Credit Procedure

by **Norris A. Brisco,**

in collaboration with

**The Associated Retail Credit Men
of New York City**



Based on the actual experiences of these successful credit men, this book solves the problems which confront retailers from the moment the prospective customer says, "I would like to open a charge account." It tells you:

- how to establish a definite policy for accepting credit risks
- where retailers can get names of prospects who measure up to a high credit standard
- how references can be secured from the best sources
- what to look for in a credit agency's report
- how to set a limit on a customer's account, and how to hold the account to that limit
- the better ways of making collections
- what negotiable instruments should be used so as to be assured of a proper claim, should legal action ever become necessary
- what to do about good risks who have never established credit
- what plans are sure to attract new business
- and many other important facts

This fact-giving, helpful manual takes up, and clarifies, many other credit problems. Every page recounts the experience of men who have specialized in getting new accounts and in reducing losses.

This new, up-to-date book on increasing business through credit channels costs \$5.00, but a special arrangement with the publishers makes it possible to offer the book to our members at the special price of

\$4.00 per copy - - to members only

for sale by

National Retail Credit Ass'n.

Just fill out and mail this form

Mr. D. J. Woodlock, Manager-Treasurer,
National Retail Credit Association,
Equitable Building, St. Louis, Mo.

Send me, carriage prepaid,copies of "Retail Credit Procedure,"
at the special price to members of \$4, for which remittance is enclosed.
(Non-members, \$5.)

Name

Firm

Address

This is the official Text Book to be used
in connection with the Educational Course
of the National Retail Credit Association.

- Q. About how long should each lecture be?
- A. Each lecture should consist of approximately 7,000 words and one and one-half hours should be allowed for its delivery.
- Q. Should lecturers be appointed to substitute in case of sickness, etc.?
- A. This should be done by all means.
- Q. Is it advisable to have employers share the cost of the Course with their employees?
- A. This is advisable on a fifty-fifty basis as it enlists the interest of the employer as well as the student in the Course.
- Q. Should students be notified previous to each meeting of the Class?
- A. Yes. This insures a more regular attendance and acquaints the student with the topic to be discussed.
- Q. Will students be examined at the close of the course?
- A. Yes. Examination questions will be sent by the National Office to the Chairman of your Educational Committee and each student will prepare written answers to the examination questions.
- Q. Will these papers be graded?
- A. Yes. These papers will be sent to the National Office, 606 Equitable Building, St. Louis, Missouri, to be read and graded.
- Q. Will a Certificate of Diploma be issued?
- A. Yes. Each student making a passing mark will receive a Diploma or Certificate.
- Q. Will a record be kept at the National Office of the proficiency of each student?
- A. Yes. All available data regarding each student, including the grade which he makes, will become a part of his permanent record.
- Q. Will this be of any benefit to him?
- A. Yes. This will assist the National Office when necessary in placing proficient Credit Men in new positions.
- Q. Is there a Text Book to be used in connection with the Educational Course?
- A. Yes. There are two Text Books, the one written by Bartlett and Reed, entitled "RETAIL CREDIT PRACTICE," the other by Dr. Briscoe in collaboration with Justin H. Edgerton and the Educational Committee titled "RETAIL CREDIT PROCEDURE." (See advertisement Page 25.) Each of these books sell for \$4.00, providing they are ordered through this office.
- Q. What is the total basic cost of this Course to me?
- A. Enrollment fee, \$3.00; two text books at \$4.00 each, \$8.00. Total cost \$11.00.
- Q. Have other Cities put on this Course?
- A. Yes. Some fifteen Cities have finished this course. Each reports a successful and profitable course.
- Q. What do Credit Executives who have taken this Course say about it?
- A. In many instances students report promotions and increases in salaries since completing this Course.
- Q. How many students do you think will enroll during the coming fall and winter months?
- A. At least 5,000.
- Q. When should the Course be started in my town?
- A. Not later than October 1, 1929.
- Q. How long will it take to complete this Course?
- A. If classes are held every week it will require fifteen weeks to complete fifteen lectures.
- Q. When will the examination be given?
- A. On week from the time the last lecture is given. This means that it will require sixteen weeks to complete the Course.
- Q. Should copies of each lecture be sent to the National Office?

A. Yes. The best lectures on each subject will be bound in book form.

Q. When should we begin organizing our Class?

A. Your Educational Committee should be appointed now. Students should sign enrollment cards immediately.

Q. Where do we get enrollment cards?

A. Order them from the National Retail Credit Association, 606 Equitable Building, St. Louis, Missouri.

Q. After the students' enrollment cards have been filled in and signed, when should they be sent to the National Office?

A. At once; in order that we may immediately send you the complete outline of each lecture bound in booklet form.

Q. After we receive the outline of lectures, what shall we do?

A. Select the persons best qualified to deliver the lectures and assign the subjects to them.

Q. When should the lectures be prepared?

A. Each lecturer should prepare a written paper covering his subject at our earliest possible moment.

Q. Should each lecturer submit a copy of his lecture to the Chairman of the Educational Committee.

A. Yes; as soon as the lecturer has prepared his paper he should give a copy of it to the Chairman of the Educational Committee.

Q. Is it advisable to have a paid instructor?

A. The Course is so complete it eliminates the need for a paid instructor.

Q. Have classes been conducted in connection with the Educational Department of the local Y. M. C. A.'s?

A. Yes. Although it is not necessary.

Q. Have classes been conducted in connection with the Business Administration departments of Local Colleges and Universities?

A. Yes. Although it is not necessary.

Q. Are any Cities too large or any Towns too small to organize a Credit Educational Course?

A. No. Classes have been successfully run in the largest Cities and the smallest Towns.

Q. Are prizes to be awarded students making the highest marks?

A. Yes. Five prizes have been provided:

First: The Justin H. Edgerton

Scholarship\$100.00

Second: The D. J. Woodlock prize....\$ 50.00

Third: The A. D. McMullen prize....\$ 50.00

Fourth: The Frank Batty prize.....\$ 25.00

Fifth: The Guy H. Hulse prize.....\$ 25.00

Q. How will the prizes be awarded?

A. The Educational Committee will award each prize in accord with the rules and regulations, which will be adopted to govern.

Q. Who are eligible to receive prizes?

A. Any student member of a class using the Educational material provided by the National Association, which includes the fifteen lectures and either one or the other or both of the books designated as the official texts. And paying the regular enrollment fee as provided.

Q. Will class attendance affect the distribution of prizes?

A. Yes. This will be covered in the rules governing the awarding of prizes.

Hundreds of letters have been received, each asking specific questions regarding the Educational Course.

Hence the need for the preparation of the above questions and answers covering each phase of organization and conduct of the Class.

With the above data in hand any Bureau or Association may start a Class, with full assurance that it will conform to the Standards set by the Educational Committee of the National Retail Credit Association.

Be in the front ranks. Begin work on the organization of your Class now.

Mechanical Aids to Credit Reporting

(Continued from page 17)

calls. Therefore, by following a more or less rigid schedule of time, every moment can be occupied in developing and furnishing reports with a minimum loss of time. An operator can really handle two calls simultaneously by suspending either or both lines. The improvement in service since the installation of this "visual system" has been remarkable. Another aid to telephone reporting is having private wires to the stores through our main switchboard, giving unlimited service and immediate connections when either party desires to use such wires. It likewise removes on the part of the store any doubt as to the identity of the incoming calls, and generally facilitates the constant, daily interchange of a tremendous amount of ledger information. Some Bureaus also use what is known as "turret" telephone equipment, the selection of various kinds of telephone equipment depending largely on the volume of inquiry.

A number of Bureaus have recently installed the "Telautograph" for the exchange of ledger information between stores and Bureaus, and others have installed the "Teletype" machine. One of these machines transmits over the wire the facsimile writing of the operators, and the other typewrites by wire. In our office we have a "teletype" machine for receiving and sending all telegrams. This is an indication of the initiative displayed by Bureaus in their efforts to meet the demands of stores for rapid and accurate credit reporting service.

It would require much time to endeavor to describe in detail the various kinds of modern equipment installed by different Bureaus which are adapted to the needs of each such community. The possibilities in the mechanical line are almost unlimited when one envisions the future. Vision means "intelligent imagination" and, to be successful, Bureau Managers certainly need to be liberally endowed with that quality to keep abreast of progress.

Credit and the Future Credit Man

(Continued from page 21)

out some manner of getting a closer understanding between the Bureau Managers and the Credit Managers, we will go a long way towards solving our problems.

Yesterday I heard one of the most successful merchants of the West say—and I think it was a wonderful thought—that the man who Okehed the charge accounts controls the destiny of the business, and it is up to all of us to make ourselves better and better, so that our institutions will prosper more through our efforts than they have done in the past.



The Telephone Typewriter

is the most accurate way to transmit credit information

One by one the big credit bureaus are discarding inaccurate methods of communication in favor of Teletype... the Telephone Typewriter. For this amazing device that sends typewriting over telephone wires makes misunderstandings virtually impossible.

In Pittsburgh, for example, each of eleven stores belonging to the local credit bureau is equipped with a Teletype. When information is desired, a typist at the store Teletypes the request to the bureau.

The bureau immediately looks up the desired information and Teletypes it back to the store. Everything is in typewritten form... no chance whatever to misunderstand figures or peculiar names and addresses. And absolute privacy is assured.

When the bureau wishes to issue a warning the same message can be Teletyped to all eleven stores at a single operation. Think of the enormous saving in time over sending out messengers... or making separate telephone calls to each store!

Every credit bureau, and every store as well, should investigate this time saving and practically errorless means of communication. For further information address the Teletype Corporation, 1400 Wrightwood Ave., Chicago.

TELETYPE

THE TELEPHONE TYPEWRITER

When writing to Teletype please mention Credit World.

A Census of Distribution

(Continued from page 18)

is suggested, however, that, while only simple information can be collected from the rank and file of the merchants, more elaborate sample studies may be made at the same time, or later, from the records of those who keep more detailed information concerning their business. If this rule is followed, care will be taken to see to it that all such detailed information will be so related to the simpler information covering the whole field of distribution that these details may with a considerable degree of safety be estimated for the whole field. In other words, these detailed studies will be sample break-ups of the more general information.

It will hardly be feasible in such a census to secure statistics showing the geographical distribution of commodities within the country. The merchants in general cannot keep such records with any degree of completeness. The transportation agencies might keep such records, but do not as yet do so generally. It would be highly useful to have complete and regularly recurrent information covering the movement of the leading commodities into and out of the leading fairly distinct economic regions of the country. No nation would attempt to carry on foreign trade without export and import statistics, and yet the trade into and out of various regions of this country is more important than foreign trade. If we had such domestic commerce data before us regularly, a tremendous amount of valuable use would be made of them. It will not be at all impossible to get such information eventually. In fact, the writer has recently made samples of such studies for the regions of New England and the Pacific Southwest. Such studies, however, will not be part of the proposed census of distribution, but may in the future be most valuable supplements to such a census.

When the business agencies of the nation are provided with adequate information concerning distribution, it will be much easier for the alert merchant and sales agent to sell his wares more effectively. We may also be certain that all sections and all classes will be more evenly supplied with goods. Merchandising and distribution will be seen more in their true light through the more exact information concerning them. Most important of all, with increased knowledge will certainly come greater efficiency, and that will decrease costs and improve service to the advantage of all classes in our national life.

*Give First Consideration to Those Who
Advertise in the Credit World*

A Message From a Merchant

(Continued from page 19)

its, for the same class of deposits. It is equally wise of merchants to eliminate competition in terms and to sell merchandise on an economic basis.

The Credit Department, it seems to me, is the heart of the store, and a vastly important factor in the successful operation. The credit executive should be a real executive and not an office man; he should, above all, have the ability to install into his organization the fundamental principles of tact and diplomacy that characterize his store.

It is the first contact with the prospective customer, and I know of many instances of a lasting impression left on the customer by the Credit Department. I happen to know of a store, for example, that made a lasting impression on a lot of customers, by having the credit man rise when approached by a lady customer. In this particular store, I heard it mentioned a number of times.

The credit executive can be highly effective in the policies of the store, in the adjustment policy, particularly, and I think can be instrumental in solving that problem. He certainly must be a diplomat to know how to limit these accounts and to do so without giving offense. He can greatly facilitate future collections by a firm statement of the terms of the Credit Department, at the time of opening accounts, and, above all, he should be familiar with the store policy and should be an enthusiastic supporter of the store policy.

Gentlemen, in conclusion, I congratulate you on this convention. I remember a story that was told me a few years ago, about Mark Twain's first visit to the Pacific Ocean. They took him off on a hill behind San Francisco and showed him this wonderful panorama, and gathered around him to see what he would say, and Mark Twain looked out and said, "Boys' she's a success."

NATIONAL RETAIL CREDIT CONFERENCES

The following Regional Conferences of Credit Managers have been scheduled by the National Retail Credit Association:

Mid-West, in Wichita, Kansas—October 21-22-23, 1929.

Arkansas, in Benton, Arkansas—November 18-19, 1929.

North Central, in Superior, Wisconsin—February 17-18-19, 1930.

California, in Los Angeles, California—April 18-19, 1930.

Northwestern, in Seattle, Washington—May 19-20, 1930.

Psychology of Consumer Credit

(Continued from page 6)

This is real missionary work at home, and some day you will be amply repaid for the time spent. It is well to have a complete questionnaire, but that does not mean that it is to be completely filled out in every case, as in some instances just the name and address is enough, while in others, getting the full biography back even to the third and fourth generation you still cannot locate them when they leave town between two days for parts unknown.

Filling Out the Questionnaire

There can be no cut and dried routine method of taking an application. Every case is different and has to be handled accordingly. First, it is well to ask if the applicant has had an account with the house before. This gives you an easy start and tells you if there is any office record to look up. If not, it implies that the applicant is new and subject to credit questioning.

Then, the length of present residence or time employed tells you whether it is necessary to get former address or place of employment. The question "Property Owner" should follow former address.

You can then inquire (when desirable) if this is a permanent address. This enables you to ascertain if property owner, without apparently wishing to do so. Be sure and get name of both husband and wife.

Then, as to credit references. There should be two separate questions. One for 30 day references and one for installment references. This is part of our educational work to differentiate. For instance, between a \$50.00 thirty-day account and a \$50.00 account paid at \$2.00 per week.

Then, last but not least, get relatives and personal references. Remember the locate department and that skips constitute 50% of your P. & L. list and get plenty of locate references, even of church and lodge affiliations.

Re-opening Closed Accounts

In case of an old closed account or when collected by an attorney. If such a party is making a purchase at the counter, as is often the case, have him brought to the credit department, but by no means tell him that the account is closed or flatly refuse further credit. Explain that the account, upon being placed in the collection department, is taken out of the current files and it is then necessary to have a new application. Put it strictly up to him, if he can establish a prompt credit rating, the order will be sent out.

Turning Them Down

Now we come to one of the very important parts of the credit man's job. Tact has to be used throughout, but now you must multiply tact by tact and use the product. Credit should never be absolutely refused from the applicant's point of view. If a per-

sonal interview, still endeavor to establish his credit, possibly by an explanation of some of his unpaid bills and by additional credit references. If by letter, put the burden of proof back on the applicant in all cases and ask for further references that will establish a prompt credit rating.

Right here is where you can do some more educational work by explaining that it is the ledger record of their account that fixes their credit standing and that their credit is like an open book to all of the merchants.

I recently wrote to a lady for additional credit references and she came in quite indignant. I explained to her that it was not in regard to the small order that I had, but a desire to establish for her a proper credit standing for all of the stores, so that she could go anywhere and place an order and know it would be filled. I further explained functions of our Association and the necessity of maintaining a prompt credit standing. She said she appreciated the interest I had shown and thanked me most cordially for explaining it all to her.

Refusing Credit and Making a Cash Sale

There are many ways of turning a credit application into a cash or C. O. D. sale. For instance, "The necessary delay in filling the order if a new charge account." "The number of applications preceding that of applicant." "Inquiries being made where employed, when no credit references given." "Necessity of writing for antecedent references when newcomers."

Explain C. O. D. Will Call system. This saves red tape of opening an account and enables him to have goods held that are already selected. This is only in cases where you can see as you take the application that there is no chance to open an account.

There is hardly a day that we do not turn down a charge and make a C. O. D. or cash sale, with no ill feelings whatever.

I recently had an application from an out-of-town lady. There was no Mr. as usual. She had to come to town as she needed some new teeth and there was no doubt about that, as all I could see was a tooth and a half in front. One of our salesladies got her in tow and showed her the necessity of having a new coat and brought her up to arrange for an account. I saw there was no chance of opening an account for her. Also that she was in a hurry for the garment, so explained to her the delay in delivery and that if she paid cash for the coat, the dentist no doubt would be glad to accommodate her.

She got the coat, but I do not know about the teeth.

Then, summing it all up, just let me add in the words of Calvin Coolidge: "Success in anything is measured almost exactly by the amount of hard work that is put into it."

A Retailer Talks to Wholesale Credit Men

(Continued from page 22)

Credit Agencies and Reporting Bureaus. These agencies and bureaus now affiliated with our National Association have a potential membership of around one hundred and thirty thousand users of its service.

Many merchants who are your customers do not know the principles underlying the work of this Association, nor the economic relationship of the credit problem to industry as a whole, or the benefits that accrue to every community by uniform methods of operation and control. This is where the wholesale credit man can step into the picture and be of inestimable value to all retailers.

There are many of your customers who are having difficulty with their credit accounts. Others are contemplating establishing a credit policy as a weapon against the encroachment of chain stores. We beseech you to encourage those merchants who are your customers, to become members of their local Credit Bureau and the National Retail Credit Association. Their Bu-

reaus are not serving them with the greatest measure of efficiency unless they are affiliated with our National Association.

Give your merchants the facts:

Let them know that the intelligent administration of retail credit will prove profitable if proper use of the facilities at their command are made.

Credit losses can be held down to less than one-half of one per cent of the volume of credit business.

Retail credit is becoming a more important merchandising factor every day.

Installment buying is lessening rather than increasing the risk that stores take with customers.

The majority of people are conscious of their credit standing and guard it as they would their good name by prompt payments, where proper publicity has been given to retail credit practices.

Competition in credit terms leads to lower credit standards, injurious to all.

Consistent Co-operation

(Continued from page 12)

minded and who know the value of co-operation. So much for that.

As to the valedictory remarks. I think that I should say the Credit Convention, or as I might more appropriately term it, "The School of Instruction," was a wow, and then I might sit down. However, I might say that I have learned more here than I have learned in this game during the last twenty-five years. I think there is only one man in the state, Mr. Van de Water, of Los Angeles, who exceeds me in time, and I think his working hours are shorter per day than mine, so I think that in point of service I am an older man in the game than he is.

I have been in this game for twenty-five years. I can safely say

that I have learned more in the last two days, excluding my attendance at several national conventions, than I have at any other Credit Conference that I have ever attended. In that wonderful welcoming address that Mr. Capwell of Oakland brought to us so forcibly, "we gather together to exchange ideas." He said, "Maybe you have something that I have not and maybe I have something that you have not." We would exchange those ideas and all benefit from them. Just think of it, we have brought out more matters and points concerning credit in this two-day conference than was ever brought out in the history of the state.

Chicago Collections

Should be sent to the

Credit Service Corporation

Collection Department of the Chicago Credit Bureau, Inc., and Credit Reference Exchange, Inc.

The Official Credit Reporting Service of the

Associated Retail Credit Men of Chicago

35 So. Dearborn St.
Chicago, Ill.

Telephone, Randolph 2400

Credit Reports Collections

Your Collections

...in...

Detroit

Will receive the best attention possible if sent to

The Merchants Credit Bureau, Inc.

The largest collection department in the city devoted exclusively to RETAIL ACCOUNTS.

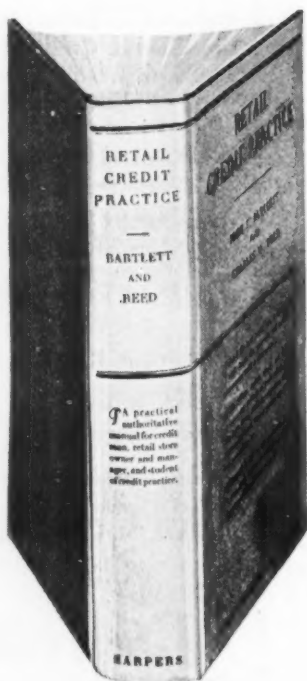
The benefits accruing in placing your accounts with an organization owned by the merchants, for their protection, are self-evident.

Rates Reasonable
Safety Assured

Address:

MERCHANTS BLDG.
206 E. Grand River Avenue

"Retail Credit Practice"



THE LATEST AND BEST BOOK
COVERING EVERY ANGLE
OF RETAIL CREDIT.

Seven hundred members of the N.R.C.A. have purchased this book and all agree it should be on the desk of every Retail Credit Manager.

The authors, John T. Bartlett and Charles M. Reed, explain in a simple and interesting way present day methods for increasing efficiency, eliminating loss and promoting increased sales.

The Price is \$4.00 per Copy

Order from

National Retail Credit Assn.

Equitable Building

St. Louis, Mo.



Ready Now—

THE NEW STICKER SERIES

Attractive little persuaders that say "Please Remit" with a smile! Printed in two tones of blue as shown—1000 stickers to a package. Order any selection you desire.

Price \$2.00 a Thousand Postpaid

Reduced prices in larger quantities

National Retail Credit Ass'n.

Equitable Bldg.



Saint Louis

Mrs. Burke asks for Credit



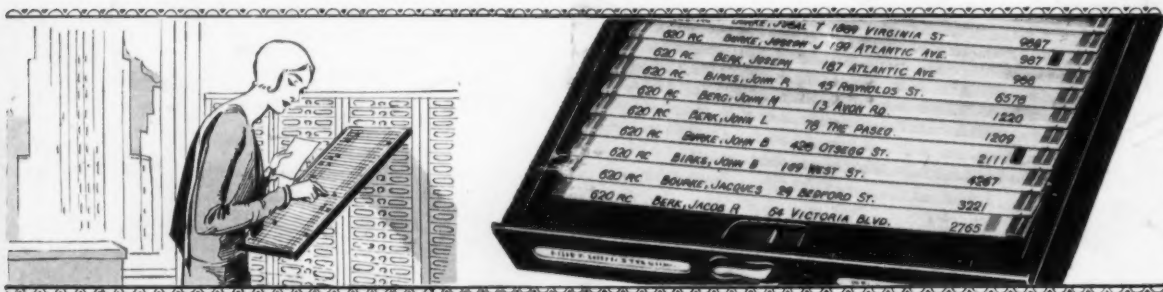
MRS. BURKE asks for credit on a purchase, saying she has a charge account. The credit department can find no record of Mrs. Burke's account. 20 minutes elapse. Mrs. Burke storms out. A good customer is lost all because the credit department forgot to look under *Birk* instead of Burke.

There are 22 ways of spelling Burke. What is your credit department doing to prevent a repetition of this incident and others resulting from variations in the spelling of family names?

Many a merchant has found the answer to this question in Russell-Soundex used with Kardex Credit Control.

Russell-Soundex automatically groups family names regardless of spelling. It saves merchants' and customers' time, prevents error, detects duplication, is 99¾% accurate . . . the fastest filing method known.

Russell-Soundex has demonstrated its worth wherever installed. It will prove its case to you in a short demonstration. Call the Remington Rand office in your city.



Remington Rand

BUSINESS SERVICE INC.

Buffalo, N. Y.

Sales Offices in all Principal Cities

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